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ABSTRACT

This volume presents the hearings on the implications of international communications and information held before the Senate Subcommittee on International Operations of the Ninety-fifth Congress. Statements taken from Otis Chandler, publisher of the "Los Angeles Times," Andrew Heiskell, chair of Time Incorporated, Glenn E. Watts, president of the Communications Workers of America, and other key individuals involved in the communications and information media are included. Additional witnesses discuss the current and future situation in communication with regard to media, national security, human rights, governmental actions, banking, business, and labor. An extensive study of the impact of information technologies in developing countries is included. (KS)

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INTERNATIONAL COMMUNICATIONS AND INFORMATION

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL OPERATIONS

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

THE IMPLICATIONS OF INTERNATIONAL COMMUNICATIONS AND INFORMATION

JUNE 8, 9, AND 10, 1977

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CONTENTS

	Page
Hearing days:	
June 8, 1977, overview and international security	1
June 9, 1977, the media	189
June 10, 1977, banking, labor and business	233
Statements by:	
Chandler, Otis, publisher and chief executive officer, Los Angeles Times	196
Colby, Hon. William E., former Director, Central Intelligence Agency, Washington, D.C.	15
Gewirtz, Stanley, vice president, public communications, Pan American World Airways, Inc., New York, N.Y.	276
Harley, William G., president emeritus, National Association of Educational Broadcasters, Washington, D.C.	20
Heiskell, Andrew, chairman, Time Inc., New York, N.Y.	192
Magee, John F., president, Arthur D. Little, Inc., Cambridge, Mass.	234
Marks, Leonard H., Cohn & Marks, Washington, D.C., former Director, U.S. Information Agency	3
Oettinger, Prof. Anthony G., chairman, program on information resources policy, Harvard University, Cambridge, Mass.; accompanied by John C. LeGates, director, program on information resources policy	33
Reinhardt, Hon. John E., Director, U.S. Information Agency	217
Sheehan, William, senior vice president of news, American Broadcasting Corp.	206
Valenti, Jack, president, Motion Picture Association of America and Motion Picture Export Association of America, Washington, D.C.	209
Watts, Glenn E., president, Communications Workers of America, Washington, D.C.	255
White, Robert B., executive vice president, Citibank, N.A., New York, N.Y.	246
Insertions for the record:	
Prepared statement of Leonard H. Marks	10
Prepared statement of William G. Harley	25
Biography of Anthony G. Oettinger	32
Biography of John C. LeGates	32
Prepared statement of Anthony G. Oettinger and John C. LeGates before Subcommittee on Communications, Senate Committee on Commerce, Science and Transportation	35
"Communications Policy: An Agenda" paper by William H. Read	40
Prepared statement of Anthony G. Oettinger and John C. LeGates	51
Letter to Senator George McGovern from Anthony G. Oettinger, chairman, program on information resources policy, Howard University, dated June 13, 1977, with enclosure	63
"The Information Age", article by George McGovern, the New York Times, dated June 9, 1977	191
Prepared statement of Otis Chandler	201
Prepared statement of Jack Valenti	212
Prepared statement of John F. Magee with enclosure	241
Prepared statement of Robert B. White	251
Amnesty International Lists 283 Trade Unionists Imprisoned in 21 Countries, supplied by Glenn E. Watts	257
Prepared statement of Stanley Gewirtz	279
APPENDIX	
Letter to Senator George McGovern from John F. Magee, president, Arthur D. Little, Inc., dated July 5, 1977	285

INTERNATIONAL COMMUNICATIONS AND INFORMATION

Overview and International Security

WEDNESDAY, JUNE 8, 1977

UNITED STATES SENATE,
SUBCOMMITTEE ON INTERNATIONAL OPERATIONS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:07 a.m., in room 4221, Dirksen Senate Office Building, the Hon. George McGovern (chairman of the subcommittee) presiding.

Present: Senator McGovern.

OPENING STATEMENT

Senator MCGOVERN. Today's hearing is the first of three that will be held this week, in which the International Operations Subcommittee, will for the first time, examine in a systematic way, the implications of international communications and information.

I should say for the benefit of our witnesses and for those in the hearing room that the President called members of this committee, as well as members of the counterpart committee in the House, for a meeting at the White House this morning, from which I have just come, thus, the reason there are not more Senators here. Perhaps others will be joining us when that meeting ends.

As far as we know, no one on Capitol Hill or in the executive branch has undertaken the broad overview of international communications issues that we are going to attempt in these hearings.

I am frank to confess my own lack of indepth knowledge concerning this all-important matter of international communications.

We are going to look at current and future issues in relation to the media, business, banking, labor, national security, and the relations between governments. At the conclusion, we hope that there will be an evident pattern that shows the interrelationships of many of these issues that so far have been discussed as if they existed solely in rather isolated compartments.

These hearings are meant to be educational in the sense that there are new complexities to international communications and information issues. We must be able to formulate the proper questions before we

can devise appropriate answers—although we do expect to hear some suggested answers during the next three mornings.

We already know that a number of people in the academic community have been saying for some time now that we have entered what they call the "information age" or the "communication age." Recently, one of the world's largest companies has been running ads with bold headlines proclaiming "Information: there's growing agreement that it's the name of the age we live in." When ideas get into popular advertising, it is one sign that they have arrived on the scene.

Another factor to consider is that several respected spokesmen of the developing world have been talking of a corollary to the "new international economic order," which they call the "new international information order."

Among the points they make is that information and energy are about equal on the scale of priorities in the development of a nation. In the category of information, they include the news media, education, scientific information, agricultural information, technical knowledge—in other words, the whole spectrum of information and the exchange of knowledge.

Starting today we will try to find out what the current situation is in regard to international communications issues, what trends are developing, and what the problem areas are that lie ahead.

Tomorrow's hearing will be totally devoted to media issues. Friday's hearing will cover business, banking, and labor questions.

WITNESSES

Today we are going to begin with an overview. Our leadoff witness, Mr. Leonard Marks, has held a number of positions both in and out of Government which deal directly with communications issues. His statement will introduce us to the current situation as he sees it after many years of experience and thought in this field.

Mr. Marks will be followed by Mr. William Colby, the former CIA [Central Intelligence Agency] Director, who will discuss the national security aspects of communications issues. He is obviously well qualified to share valuable insights with the committee.

Our third witness, William Harley, is president emeritus of the National Association of Educational Broadcasters, and is possibly the leading expert in the United States on Second and Third World actions in the international media area.

The final witness today, Prof. Anthony Oettinger from Harvard University's "Program on Information Resources Policy," has contended that information is a valuable resource which should be treated as a resource, and protected against a crisis, such as the energy crisis. He will present us with an agenda to consider and attempt to show how our first three witnesses' ideas might mesh together.

Each witness has been asked to give a 15-minute opening presentation. Following all four of these presentations, we will open up the question and discussion period.

Mr. Oettinger, I believe, will be accompanied by Mr. John LeGates.

Mr. Marks, if you will lead off with your presentation.

STATEMENT OF LEONARD H. MARKS, COHN & MARKS, WASHINGTON, D.C., FORMER DIRECTOR, U.S. INFORMATION AGENCY

Mr. MARKS. Thank you very much, Mr. Chairman.

I have been asked to put into the record some of the background from which I speak. Just briefly, I entered the field of communications in 1943, when I became identified with the Federal Communications Commission Law Department. I served there until 1946, leaving as Assistant to the General Counsel.

I have practiced law, specializing in communications, from 1946 to date, with the exception of 4 years, 1965 to 1969, when I was Director of the U.S. Information Agency [USIA].

In 1969, I was appointed the head of the U.S. delegation to Intelsat, and when that conference was convened, I was elected the Chairman. I was also appointed by President Kennedy to serve as an incorporator of Comsat [Communication Satellite] and served in that capacity and as a director until I entered the USIA.

First: I want to thank you for the opportunity of appearing here as the opening witness in a series of hearings which I believe can have a very vital influence on the future of international communications.

As you have indicated, I am to give an overview, and those who follow me will do the same. I shall do that and try to point out the need for greater coordination of policy by the various governmental agencies that are engaged in some form of communication activity or regulation, and the need for coordination with private enterprise.

At the outset, let me stress that the subject you are about to consider is a complex one. There are no simple solutions.

U.S. TECHNICAL COMMUNICATIONS

Billions of dollars have been invested by American industry and others in cable, radio, and satellite facilities which constitute a worldwide network which links the United States to all parts of the world. U.S. companies have played a dominant role in creating this structure, and they have been responsible for the truly revolutionary changes that have taken place in the last 25 years. We pioneered with television; we took the lead in creating Intelsat; we perfected the transistor; we started the miniaturization techniques which have revolutionized all forms of communication. Today we are in the forefront of experimenting with fiber optics, waveguides, and other challenging innovations.

U.S. COMMUNICATIONS PHILOSOPHY

Now that is all on the technical side. On the philosophic side, for more than 200 years the United States has been the champion of the principle that opinions and ideas must be freely exchanged. At home we have defended the first amendment, and it has become a sacred protection.

We have fought for the free flow of information as a means of achieving better understanding between nations.

Now admittedly, we cannot legislate our philosophic or political views for other countries. But when they have been adopted in international agreements, it is our responsibility to see that other nations live up to this principle, and the thrust of my remarks today will deal primarily with the "1948 Universal Declaration of Human Rights." This was adopted by the United Nations General Assembly.

Article 19 of this declaration provides that—

> Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Thirty years ago, when the U.N. adopted that principle, it was applauded everywhere. Today we find that the "free flow of information" principle is observed in only a few countries, and article 19 is honored in the breach more than in the observance.

Let me refer to three specific areas internationally where the "free flow of information" principle has been attacked.

U.N. PEACEFUL USES OF OUTER SPACE

I will start with the United Nations Peaceful Uses of Outer Space Committee.

In 1962, 15 years ago, we launched the first communications satellite. It began a new era in international communications and offered the world an opportunity for instantaneous communications to all parts of the world. It also offered the opportunity for inexpensive communications, since distance was erased and the satellite does not care whether the message is being transmitted 3,000 miles or 300 miles. The cost is the same.

It soon became apparent that the satellite could also permit the transmission of radio or television signals directly into a home receiver without the necessity of a relay station which would be controlled by the country receiving that signal.

The satellite could do for television what shortwave broadcasting has in the audio field for the last 50 years. Via satellite, television programs could be beamed into the homes of people living in Moscow and Lima, in New York and London, in any part of the world.

This, to me, was an exciting possibility; but it did not stir the imagination of the political leaders. Instead, it aroused their anxieties. They quickly translated the tremendous power of television into a political reality, and they envisioned the possibility that their citizens might be given facts contrary to those of their national news outlets. They envisioned the possibility that their citizens might hear opinions different from those that their leaders wanted them to have.

So the Soviet Union took the leadership in arousing these fears in the United Nations. They chose the Committee on Peaceful Uses for Outer Space as their forum. Hearings were held and arguments were debated, and when the critical question was considered about whether a declaration should be adopted that would preclude direct broadcasting by satellite into the home, the United States stood alone. The vote was 102 to 1. To be sure, this was not a final vote, but it identified those who really supported the principle of "free flow of information."

A Legal Committee meeting from the Peaceful Uses for Outer Space has just been concluded within the past 2 weeks. At that meeting, the Soviets were joyous because this principle of excluding transmission of signals into a country without its consent, the Soviets contend, was agreed to at the international meeting, called the World Administrative Radio Conference. Several months ago in Geneva an agreement was reached then on frequency assignments—to which the United States acquiesced. They contend that, now that they have established that principle, there is no need for further argument.

I would contest their argument, although we did, in effect, agree to an assignment of frequencies at the World Administrative Radio Conference which embodies this principle.

The Peaceful Uses of Outer Space Committee will meet in Vienna at the end of this month. Their report will then come to the United Nations General Assembly. This will be the final step on whether the principle of ""free flow of information," the principle of article 19 of the U.N. Declaration on Human Rights, will be observed in practice, or whether it is a meaningless collection of phrases.

UNESCO

The second forum is UNESCO [United Nations Educational, Scientific and Cultural Organization]. Recently a General Assembly meeting of UNESCO was held in Nairobi. At that conference, the principal item on the agenda was a proposed declaration which would affect the conduct of mass media. It was introduced by the Soviets and was supported strongly by the developing nations.

The very title of that declaration discloses its bias. Let me read it to you:

> Draft declaration on fundamental principles governing the use of mass media in strengthening peace and international understanding in combating propaganda, racism, and apartheid.

Article 12 became the focus of the debate. It provided, and I am quoting and I will emphasize the first word:

> States are responsible for the activities in the international sphere of all mass media under their jurisdiction.

Now those who favored that provision contend that a journalist should serve the interests of his state in supporting official political, economic, and moral objectives.

Our view, those who support the free flow of information, defends the philosophy of a free expression of ideas. We assert that a journalist performs not as a mouthpiece for the state, but as an independent voice reporting freely with the right to criticize actions of the state.

COMPLAINTS OF DEVELOPING NATIONS

The developing nations have a complaint. They say that the world is informed by essential Western news agencies—AP [Associated Press], UPI [United Press International], Reuters, Agence France-Presse. The first two, of course, are American agencies; Reuters is British; and Agence France-Presse is French.

The Third World leaders complain that these reporters are only interested in catastrophes, calamities, disasters, scandals—in effect, that all news is bad news. They complain that the constructive developments that take place within their borders are never reported. We opened up a new housing development; we reduced infant mortality; we have increased the production of grain; we have put more children in school—this is not news and it is not reported, they complain.

They also complain that because they do not have their own news agency, their neighbors receive the same kind of calamitous information about them. In other words, the image that the Ivory Coast will get about Kenya comes through the American news services, the British, or the French. And so, they contend that there is a major deficiency in the field of international news reporting.

Now some of their complaints may be justified, and our news agencies have valiantly tried to increase the kind of news reporting that they seek. When they analyze their news coverage, they find there is more constructive reporting than the complainants will recognize. But even if they do have justifiable complaints, there is no justification for the state control of the media.

Let me make one other point.

THIRD WORLD NEWS AGENCY

A developing nation may wish to control its own news. Although we deplore it, that is its decision. It is fundamental, however, that if we in the United States are to know what is going on in the world, we have to have access. Our reporters have to be free to gather the news and to report it as they see it, otherwise we in the United States will be relying upon government handouts, upon distortion, upon self-serving statements. That is not consistent with what we regard as a necessary ingredient in international understanding.

The draft declaration at Nairobi was not adopted. It was postponed for 2 years over the bitter objections of the Soviet Union. It will be considered again at the UNESCO meeting in 1978.

Now the Third World nations are not going to wait until that conference in order to achieve their objectives. They have organized their own news agency, which will be operated by Tanjug of Yugoslavia. This service will initially distribute handouts and reports from one country in Africa to another, and then it hopes to expand throughout the world.

I support multiple news services. Our national interests, in my opinion, are served by the free flow of information, and if there is a "Third World News Service," and a "Fourth World News Service," it is consistent with that principle. Competition in the exchange of ideas is healthy. But I am apprehensive that these services could lead to restraints on the free press. The developing countries have threatened to oust all Western news agencies unless they carry the government handout.

I raise the question: Is the Third World news agency a prelude to such an action?

Between now and the UNESCO meeting in Paris, or wherever it will be, in 1978, the United States must determine its policy. I don't

know what that policy will be, but I hope it is a strong support for the "free flow of information" principle.

I raise another question: Who will determine that policy?

HELSINKI DECLARATION REVIEW AND RECOMMENDATIONS

The third forum comes about in Belgrade within a few days from now, when we meet to review the Helsinki Declaration.

A great deal has been written about the Helsinki Declaration and Basket III and its protections for human rights and the free expression of ideas. Shortly after he was inaugurated, President Carter began to emphasize the importance of these ideas, and he has been the champion of this issue. I applaud his stand. We stand for something today internationally when we defend human rights.

Basket III covers many topics, but it stresses the importance of freedom of thought, freedom of speech, freedom of the press, and the freedom to express ideas.

When we meet in Belgrade, I hope we will strongly emphasize the importance of these principles. I am not going to give you a catalog of what we should be saying, but in my opinion, there are three items that I think we should stress. The Soviet Union today is jamming Radio Free Europe and Radio Liberty. The Eastern Europeans are making it difficult for newsmen to travel, to obtain visas, and to interview sources. Third: Newspapers, magazines, and other information materials cannot be obtained in the Soviet Union and in Eastern Europe despite the provisions of Basket III.

We must not be silent on these points.

Let me talk about the positive side next. It is one thing to deplore the failure of the Eastern Europeans and the Soviets to live up to what we regard as their commitment. Now let me talk of what we should be doing positively.

One: I think we should expand cultural and educational exchange. We should be sending more students and professors to colleges and universities throughout the Soviet Union and the Eastern European countries, and we should be receiving more from them. Only by the healthy exchange of ideas of these academics will we gain a better understanding.

We should do the same with private groups, business, and industry.

Second: We should attempt to have more materials flow into Eastern Europe and from them. We should have a program whereby we translate books and articles into English and distribute them throughout our college and other literary sources. We should adopt a currency convertibility program so that those countries which do not have enough dollars can buy our textbooks, our films, and our educational materials.

I think we should open a bookstore in the capitals of Eastern Europe so that people who want access to Western thought can have it.

Finally, we have a wonderful magazine in the Soviet Union, "America." We should try to increase that circulation beyond its present limits.

I have talked about the overview and the problems of free flow of information. Let me turn now to a different aspect and briefly give you the problems that I see in getting a U.S. policy.

U.S. INTERNATIONAL COMMUNICATIONS POLICY

A recent congressional study performed by the staff of the House Interstate and Foreign Commerce Committee revealed that there are more than 40 separate Government entities which have some responsibility in the field of communication. The most important, of course, are the FCC [Federal Communications Commission], the Department of State, Department of Defense, Department of Commerce, NASA [National Aeronautics and Space Administration], HEW [Health, Education and Welfare], National Science Foundation, and the Office of Telecommunications Policy in the White House.

Now theoretically, coordination is attempted among these various entities; but practically it has been impossible to bring together all those entities which have some influence on international communication.

My experiences demonstrated that frequently one arm of the Government, unaware of what another is doing, will be administering regulations which could hinder or thwart what another is attempting to establish.

Now that is not an indictment of those involved, but a recognition of how complex our governmental structure has become.

I can state unequivocally that, at the present time, the U.S. Government does not have an international communications policy, nor is there a single agency which has been successful in coordinating our efforts internationally or in planning for the future.

I hope that your committee, by holding these hearings and by the reports that you will issue, will be able to do something. The subject is too important to be delayed any further.

I have mentioned three areas internationally where we have been subject to attack on the free flow of information. Let me mention a fourth, which is more technical, but which has a direct bearing.

INTERNATIONAL TELECOMMUNICATIONS UNION

The International Telecommunications Union [ITU] is the oldest international agency in existence. It was created even before the Postal Union. It has been free of controversy and it has performed its mission with great proficiency. But with the advent of new communications devices, and particularly satellites, the problems facing the ITU have become so complex, and have placed upon it such a heavy burden, that I do not believe at the present time it is able to handle all of the questions that have arisen.

Let me give you one illustration that I think is very graphic.

A number of years ago, the Soviet Union placed in orbit a manned spaceship. As it circled the globe, it was suddenly cut off from all communications with the master control in the Soviet Union. Interference from a terrestrial base blocked out the communications between the ground and the air.

In great distress, the Soviets notified all the world capitals that there was an interfering signal and to please get it off the air so that communications could be restored. There was no machinery, and there is none today, at the ITU which could be put into existence to find out where this signal came from that was interfering. There is no

procedure which would enable the countries of the world to get together and solve a problem like that.

I am informed that the source of the interference was never determined. Now, it can occur again, and next time the situation could result in disaster.

I mentioned earlier that, at the Conference on Peaceful Uses for Outer Space, the Soviets talked about their triumph at a meeting of the World Administrative Conference sponsored by ITU. It was concluded several months ago, and at that time, only a very small portion of the band—11.7 to 12.5 gigahertz—was involved in the use of satellite frequency. I am not going to dwell on the technical questions. But at that meeting they divided the spectrum. Each country got for itself a number of assignments. But the agreement recognized the principle that no signal can be transmitted into a country without its consent.

Now very shortly there will be another meeting of the World Administrative Radio Conference to divide the whole spectrum, the rest of the spectrum, until the year 2,000. If that principle applies, then there will be no Voice of America, there will be no Deutsche Welle, there will be no BBC [British Broadcasting Company].

This result must not, in my opinion, be permitted particularly if we are to observe the important principles of article 19.

NEED FOR COORDINATION

Now the ITU does not provide a forum in which the United States can resolve its political, philosophical, or economic questions in this field. There is no forum in the United States which can solve these questions. There is a need for coordination.

Let me conclude by giving you an illustration of how we are not coordinating at the present time.

First: The State Department is responsible for negotiations in international forums relating to communications. The State Department speaks for the United States in the ITU and it instructs Comsat, when it goes to an Intelsat meeting, on what the position of the United States will be. But state has no regulatory authority.

Second: The Office of Telecommunications Policy is charged by Executive Order 11556 with coordinating interdepartmental activities. But it has no authority to regulate the industry.

Third: The Department of Commerce is responsible for spectrum management studies, research and technological matters, and for the preparation of economic studies. But it has no authority to formulate the U.S. position on the economic aspects.

Finally: The Department of Justice, through its antitrust division, monitors the competitive relationship of our international carriers—ATT [American Telephone & Telegraph], ITT [International Telephone & Telegraph], Western Union, RCA, Comsat—and it prohibits any consortium or price fixing. Rates are established by the FCC. For satellites, the U.S. position has to be routed through the Department of State and transmitted to Comsat.

Now all other countries of the world speak with one voice; their governments speak for what that policy will be. Because we have multiple voices, they play off one carrier against the other in the United States to our disadvantage.

These brief illustrations show you the complexity of the industry, and they underline the need for coordination and some form of legislation which will create a forum where these issues can be considered in advance, where we can do some planning so that our interests internationally will be protected.

DEPARTMENT OF TELECOMMUNICATIONS RECOMMENDED

It is easy to point out the problems. I have no ready answers. There are no easy solutions. But I have a preference. My personal preference would be the creation of a Department of Telecommunications which would unite in a Cabinet level agency the activities of the 40 separate agencies which today have some influence on the communications industry.

ALTERNATIVE COUNCIL OF TELECOMMUNICATIONS POLICY

I recognize that that would take a lot of time. The problems are urgent and time is our biggest enemy. So, as an alternative, I recommend the formation of a Council of Telecommunications Policy in lieu of the present Office of Telecommunications Policy attached to the White House. Such a Council, chosen on a bipartisan basis and made up of experts, would not replace the FCC; it would not replace the Department of State; but it would be a forum where these problems would be set forth, where the views of the various private and governmental interests would be considered, and there would then be a basis for a unified policy.

We live in an interdependent age. We are linked together by common problems. Even though our language may be different and our customs may be different, we are interdependent. If we are to remain a free world, if we are to avoid conflict, we must communicate.

The subject that I believe is most vital is how we can communicate better.

I hope these suggestions have been of some help to you.

Thank you very much.

[Mr. Marks' prepared statement follows:]

PREPARED STATEMENT OF LEONARD H. MARKS

I want to thank you for the opportunity of appearing as the opening witness in a series of hearings which I believe can have a vital influence on the future of international communications.

I shall attempt first to give you an overview of some of the critical problems which we face in international communications, and second, point out the need for greater coordination of policy by governmental agencies and private enterprise.

At the outset, let me stress that the subject you are considering is a complex one for which there are no simple solutions. Billions of dollars have been invested in the cable, radio, and satellite facilities which comprise the worldwide network linking the United States to all parts of the world. U.S. companies have played a dominant role in creating this structure and have been responsible for the revolutionary changes that have taken place since World War II. We pioneered with television broadcasting; we took the lead in creating Intelsat which today serves approximately one hundred countries. We perfected the transistor and miniaturization techniques; we are in the forefront in experimenting with fiber optics, wave guides and other challenging inventions designed to bring the world better and cheaper communications.

On the philosophic side, for more than two hundred years, the United States has been the champion of the principle that ideas and opinions must be freely exchanged. At home we have defended this principle so that the First Amendment has become a sacred protection. Similarly, we have fought for the free flow of information as a means of achieving better understanding between nations. Although we cannot legislate our philosophical or political views for other countries, it is our responsibility to seek the enforcement of those principles when they have been adopted in international agreements. In 1948 the Universal Declaration of Human Rights was adopted by the United Nations General Assembly. Article 19 specifically provides—

Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to hold opinions without interference and *to seek, receive and impart information and ideas through any media and regardless of frontiers.*"

Thirty years ago this provision was endorsed and applauded throughout the world. Yet today we find that the free flow of information principle is observed in relatively few countries and that Article 19 is honored in the breach more than in the observance.

At this time I would like to refer to three specific international areas where the free flow of information principle has been attacked.

UNITED NATIONS PEACEFUL USES OF OUTER SPACE

In 1962—just fifteen years ago—the first communications satellite was launched. It heralded a new era in international communications and offered the opportunity of instantaneous communication between distant points throughout the world. In addition, the satellite offered the possibility for inexpensive communications since distance was erased and the connection of any two points on the globe could be accomplished at the same expense regardless of the number of miles separating the origin and the termination point for the message.

It soon became apparent that satellite technology would also permit the transmission of radio and television programs directly into a home receiver without the necessity of a relay operated by the country receiving the signal. This technology would do for television programs what short-wave broadcasting has permitted for years with radio programs. Via satellite, television programs could be beamed through Voice of America, BBC, Radio Moscow, or any other national entity.

This exciting possibility did not stir the imagination of political leaders but aroused their anxieties. They quickly translated the tremendous power of television into a political reality. They envisioned the interference by other nations in their national affairs and the alarming possibility that their citizens might receive facts and opinions contrary to those reported by their national news outlets. The Soviet Union took the leadership in arousing these fears at the United Nations through the Committee on Peaceful Uses for Outer Space. Hearings were held and arguments debated. Finally, when the critical question was considered, the United States stood alone in defending the principle of "free flow of information."

This issue resulted in an acrimonious exchange in the legal committee meeting which recently was concluded. At that time the Soviets insisted upon a clear-cut provision which would permit censorship in the country of reception. They bragged that they had won the day at the WARC meeting in Geneva (to which I will refer later on), and that the same principles should apply at this conference.

No resolution was adopted, and the issue will be again debated at a meeting in Vienna of the full committee commencing June 20th. We must be steadfast in our resolve to protect the principle of the free flow of information and enlist or allies in this fight for the preservation of the principles of Article 19.

UNESCO CONFERENCE IN NAIROBI

Another attack on the free flow of information was introduced by the USSR in UNESCO meetings with the proposal that UNESCO adopt a policy governing the conduct of mass media.

In December, 1976, when the UN General Assembly met at Nairobi the principal item on the agenda was a declaration which, if adopted, would have meant a complete victory for the proponents for totalitarian control of the media.

The title betrays its bias: "Draft declaration on fundamental principles governing the use of mass media in strengthening peace and international understanding and in combating propaganda, racism and apartheid."

Article 12 became the focus of the debate. It provided, "States are responsible for the activities in the international sphere of all mass media under their jurisdiction." Those who favored this provision contend that a journalist should serve the interests of the state in supporting official political, economic, and moral objectives. The opposing view defends the philosophy of the free expression of ideas, asserting that a journalist performs not as a mouthpiece for the state, but as an independent voice reporting freely with the right to criticize actions of the state.

Essentially, developing countries must rely on foreign organizations for their news. The international news agencies—AP, UPI, Reuters, and Agence France-Presse—are based in the United States, England, and France. Third World leaders complain that these news services reflect the values of the advanced Western countries rather than those of the developing countries. They complain that news about these countries printed or broadcast in Western Europe or the United States features catastrophes, deficiences, and calamities. They also argue that since they have no news service of their own the reports that developing countries receive from the media about each other are equally adverse to their national interests. The dependence of the Third World is not just limited to news. Films and television programs, books and magazines flow into the developing world, but very little comes out of it to the United States or the major industrial powers. The Third World has labeled this "cultural imperialism" and condemns its dependence on such sources.

Some of the complaints of developing nations may indeed be justified, but the deficiencies in reporting do not constitute justification for the state control of the media. Moreover, it is fundamental that our free press have "access" to these countries so that we in the United States receive independent reports of their activities rather than rely upon the handouts of government information offices.

The draft declaration supported by the USSR was not adopted at Nairobi. Instead over the bitter objections of the Soviet Union and its Eastern European allies, the issue was postponed for two years and will arise again in 1978 when the next UN General Assembly meets.

The Third World nations are not going to wait until the next UNESCO conference in order to achieve their objectives. They have organized their own news agency which will be operated by Tanjug of Yugoslavia. Initially, this service will distribute news handouts and reports from one country in Africa to the others. Later, it hopes to serve all of the continents.

I support multiple news services. Our national interests are served by the free flow of information, and "Third World News Services" and "Fourth World News Services" are consistent with this principle. Competition in the exchange of ideas is a healthy phenomenon. However, I am apprehensive that these services could lead to a restraint on the free press, since the developing nations have threatened to oust all Western news agencies and require them to rely on these new national news services. Is the Third World news agency the prelude to such an action?

Between now and the UNESCO meeting in Paris, United States policy must be determined. What will our policy be at the next UNESCO meeting? Who will determine it?

THE HELSINKI DECLARATION

A great deal has been written about Basket III of the Helsinki Declaration and its protections for human rights and the free expression of ideas. Shortly after his inauguration, President Carter began to emphasize the importance of these ideas and has been the champion of this issue.

Basket III covers many topics, but it stresses the importance of freedom of thought, freedom of speech, freedom of the press, and the freedom to express opinions.

On June 15—just one week from today—the thirty-five nations that signed the Helsinki Declaration will meet in Belgrade to prepare an agenda for a second conference later this year. The Basket III issues will play an important role in these discussions. It is imperative that our negotiators stress the principles of free flow of information and seek opportunities for better understanding as well as point out the shortcomings of the USSR.

Time does not permit a catalogue of our Basket III complaints against the USSR, but I would like to enumerate several which are critical:

1. Radio Free Europe and Radio Liberty broadcasts are regularly jammed.
2. Newsmen are not free to travel or to interview sources.
3. Newspapers, magazines, and other information materials cannot be obtained in the USSR except under controlled situations.

These failures must be discussed and strong efforts made to correct the deficiencies. If we fail to do so, we have deserted the principles for which we have fought so long and so vigorously.

On the positive side, I would recommend that we sponsor projects to further our communication links. To illustrate, we should—

1. *Expand cultural and educational exchange.*—The Soviets have demonstrated a willingness to step up academic and professional contacts. The State Department should respond by an enlarged official program and by stimulating more private exchanges.

2. *Insist on a free flow in informational materials into Eastern Europe,* where there is a great demand for Western publications, films, recordings, etc. The establishment of a currency convertibility program similar to the former Informational Media Guaranty Program administered by the U.S. Information Agency would promote this end and demonstrate U.S. adherence to the "spirit of Helsinki."

3. *Increase circulation of "America" magazine.*—This USIA publication has for over 30 years been an effective interpreter of American ideas and events, and demand for copies far exceeds the number (60,000 per month) we are allowed to distribute. It would seem logical to press the Soviets to allow, "in the spirit of Helsinki," an increase in circulation.

4. *Open an American bookstore in Moscow and other capital cities of Eastern Europe.*—The Soviets have always discouraged this project by insisting on controlling the selection of books for it. Perhaps the time is ripe to remind them that no censorship is imposed on Russian books imported into the United States, and that the Helsinki signatories specifically agreed "to promote wider dissemination of books."

These are merely a few illustrative suggestions which will permit better understanding consistent with the spirit of Helsinki.

In these brief comments I have attempted to sketch some of the problems which must be overcome if we are to have a free flow of information and a fulfillment of Article 19. We have a long way to go, but unless we are conscious of the problems and emphasize their importance, the gulf in understanding will be widened.

PART TWO—GOVERNMENTAL COORDINATION

Let me now turn to a discussion of the governmental structure and illustrate the need for greater coordination.

A recent Congressional study revealed that there are more than forty separate government entities which have a responsibility in the field of telecommunications. The most important are the Federal Communications Commission, the Department of State, Department of Defense, Department of Commerce, NASA, HEW, National Science Foundation, and the Office of Telecommunications Policy of the White House. Theoretically, coordination is attempted by these organizations, but practically it has been impossible to bring together all entities to determine policy. Experience has demonstrated that frequently one arm of the government, unaware of what another is doing, will be administering regulations which hinder, thwart, or contradict the policy of another. This conclusion is not an indictment of those involved, but a recognition of the complexity of our governmental structure. *I can state unequivocably that at the present time the United States government does not have an international communications policy nor is there a single agency which has been successful in coordinating our efforts internationally or in planning for the future.*

WORLD ADMINISTRATIVE RADIO CONFERENCES

The International Telecommunications Union (ITU) is the oldest international agency antedating even the postal union. It was created as a traffic policeman to assign lanes of communications to the nations of the world. It has been free of controversy and has performed its mission with technical proficiency. With the advent of satellites, the problems facing the ITU have become

93-147—77——2

extremely complex and has placed a heavy burden upon its limited capabilities to keep order in the spectrum.

Let me give you an illustration of the inadequacy of the present international regulatory machinery in the field of telecommunications. A number of years ago, the Soviet Union placed in orbit a manned space ship. As it circled the globe, it was suddenly cut off from communication with the master control in the Soviet Union. Interference from a terrestrial base blacked out the communications from the space ship.

In great distress, the Soviets enlisted the cooperation of other countries in an effort to determine the source of the interference. There was no machinery at the ITU which could be used to identify the cause of the interference nor to eliminate it if discovered. I am informed that the source of the problem was never determined. This situation can occur again and the next time the result may be fatal.

Several months ago under the auspices of the ITU, a World Administrative Radio Conference (WARC) was concluded to assign frequencies for satellite communications in the Band 11.7 GHZ to 12.5 GHZ. I will not dwell on the technical questions involved nor on the policy questions relating to the use of this portion of the spectrum. However, I do believe that it is significant to note that the WARC agreed on a division of frequencies in regions of the world other than the Western Hemisphere. In doing so it subscribed to the principle that no satellite communications could be beamed into a country without its consent. As a result, in this band there cannot be any international communication comparable to the BBC, Radio Moscow, Deutsce Welle, and, of course, the Voice of America. And, surprisingly, the principle of Article 19 was forgotten.

In 1779 there will be a WARC to assign frequencies and propose regulations for the remaining portion of the spectrum. What will be our policy? Will we agree to the restrictions of WARC '77, and the philosophy that each nation shall determine which communications its citizens may receive? If we do so, Article 19 of the UN Declaration of Human Rights has no meaning. If we do so, the philosophy of "free flow of information" becomes an empty phrase.

The ITU does not provide a forum in which U.S. communications interests can resolve philosophic, political or economic problems.

Similarly, there is no entity within the United State government which will have the authority to resolve such issues. In my introduction, I pointed out that there was a need for coordinated effort. Let me illustrate:

1. The State Department is responsible for negotiations with other nations in international forums relating to communications. State Department officers are spokesmen in ITU and UNESCO and instruct private industry on positions to be taken in Intelsat. Yet, State has no regulatory authority over the international carriers or the facilities they use in international communications.

2. The Office of Telecommunications Policy (OTP) is charged under Executive Order 11556 with coordinating interdepartmental activities. Yet, OTP has no authority to *regulate* the U.S. communications industry.

3. The Department of Commerce (OT) is responsible for spectrum management studies, research in science and technological matters, and for the preparation of economic analyses. Yet, the Department of Commerce has no authority to formulate U.S. positions on the economic aspects of our telecommunications industry.

4. The Department of Justice through its antitrust division carefully monitors the competitive relationship of our international common carriers—ATT, ITT, RCAC, COMSAT, Western Union—and prohibts any consortium planning or price fixing. Rates for their services are established by the FCC. For satellites, the U.S. position that these carriers must follow is set by Department of State and transmitted to Comsat, which then acts as a wholesaler to these carriers. Yet, all other countries of the world with whom these carriers contract act as a single entity and play one U.S. carrier off against the other. Some carriers lease both cable and satellite circuits; the submarine cables for Atlantic and Pacific are owned jointly by U.S. carriers and foreign entities—usually governmental organizations such as PTTs (postal, telephone and telegraph agencies) who have joined with U.S. private companies to construct and operate the facilities. The U.S. partner must follow FCC guidelines in calculating rates of return, depreciation, and business practices even though they disagree with the concepts of the foreign entities.

These illustrations demonstate the complexity of our business relationships and the need for coordination within the government and with industry.

At present time the House Interstate and Foreign Commerce Committee is engaged in a major study of all aspects of the communications industry. Option papers have been prepared on this subject and I recommend them to your attention.

CONCLUSION

I have attempted in this brief presentation to illustrate the philosophic problems which we face in trying to establish the principle of free flow of information and the technical and procedural handicaps which are encountered in the administration of international communications. Although these illustrations may seem foreboding, in practice a great deal is accomplished through the imagination of those engaged in governmental regulatory work and their desire to reach our goals with a minimum of bureaucratic delay. But, their task would be much easier if Congress created the machinery to reduce these obstacles and to permit a simplified approach to problem solving.

I have no easy solution to these problems and do not appear before you today with all the answers. My personal preference would be the creation of either a Department of Telecommunications which would unite in a cabinet level agency the activities of the forty separate agencies which today regulate the industry.

As a second option I would recommend the formation of a Council of Telecommunications Policy in lieu of the present Office of Telecommunications Policy attached to the White House. Such a Council chosen on a bipartisan basis would not replace the Federal Communications Commission, but would provide a forum for the exploration of these problems and the determination of a unified policy.

We live in an interdependent age. We are linked together by common problems regardless of our national origin, the color of our skin, the clothes that we wear, or the language we speak. But we must speak to each other if we are to understand our differences. The channels of communications must be kept open. To this objective I hope your committee will dedicate itself.

COMMENDATION OF WITNESS

Senator McGovern. Thank you very much, Mr. Marks. That is an excellent overview of the issues that we want to get into in these hearings. I think you have been a very good leadoff witness.

We will get back to you with some questions a little bit later on.

Mr. Colby, we will be pleased to hear your statement at this time. We welcome you once again to this committee.

STATEMENT OF HON. WILLIAM E. COLBY, FORMER DIRECTOR OF CENTRAL INTELLIGENCE AGENCY, WASHINGTON, D.C.

Mr. Colby. Thank you, Mr. Chairman, for this opportunity to contribute to your consideration of a communications and information policy. With my background in intelligence, I obviously have an interest in the subject and I congratulate the committee for arranging this interesting set of hearings to discuss the problems involved.

Each nation state obviously has a need for international communications for itself. Its embassies abroad, its military forces, and its own functioning require dependable communications for the transmission of the masses of information required for the internal business of government. This involves not only communications with our forces and representatives abroad, but also the vast amount of information which must flow within our country to enable our Government to operate, from shipping information to weather information, to the necessary data to conduct our social welfare and economic programs.

Not only must we have the basic capability of transmitting such information, we must have a redundancy of channels, so that this information can be assured to move in order to permit our Government to operate and to insure our safety.

By the facts of technology, the facilities and frequencies needed require negotiations with other states to insure adequate access to the physical characteristics of the electromagnetic spectrum and other scientific limitations which impose themselves on the world of communications.

VULNERABILITY OF INTERNATIONAL COMMUNICATIONS FACILITIES

The question also has been raised, Mr. Chairman, about the vulnerability of some of our international communications facilities—the satellites, for example, and the quite obvious attemps by the Soviets to develop a capability to strike at satellites in the air. This, I think, is a problem that we have to face in the world, but it is not a novel problem. The satellites in the sky are certainly vulnerable, but everyone's satellites are equally vulnerable. It is rather simple to arrive at the kind of standoff that has existed in many situations whereby there is an agreement that neither side will bother the other's essential methods of communication because its own are so vulnerable. This does require the capability on our side to be able to respond if the Soviets continue this kind of development.

Government obviously has another dimension of interest in the flow of communications and information. This comes from its responsibility to represent, protect, and promote the use by its citizens of those facilities for their own private purposes. Adequate access to the spectrum, protection against interference from other sources, and encouragement of new technology to increase the volume of communications in the future, are all a responsibility of our Government.

NEW FORMS OF COMMUNICATION, INFORMATION EXCHANGE ACCESS

As technology improves, our Government's tasks will increase to arrange orderly access to the new forms of communication and information exchange which are just over the horizon, from the satellite to the data stream to the computer.

We are told by excellent estimates that the volume of new information in the world will increase at least tenfold in the next 10 to 15 years. It is obvious that governments must have policies with which to face this explosion of information and negotiate the comparative interests of our citizens and others in this rapidly shrinking world.

It is in this area that difficulties can arise between the developed nations, such as the United States, which have an immediate heavy demand for technological facilities and communications, and the less developed nations which fear that the available spectrum and facilities will be entirely taken by the developed countries and nothing remain for them into which to grow, consigning them indefinitely to a dependent state.

This is an area of potential conflict which requires sensitive and imaginative diplomacy in order to satisfy both needs.

INFORMATION IS POWER

But there is another question to which I would like to address my remarks. A major problem in communications is less technical than philosophical. Clearly information is power, and traditionally the country or individual who controlled it unilaterally had an advantage over his fellows and adversaries.

From this concept over the centuries has developed the secrecy of government policies, military weapons systems, and even private trade secrets, with variations in intensity between authoritarian and democratic societies. This situation also stimulated intensive efforts to ferret out such secrets, which we call intelligence. In the days in which intelligence included only espionage, this was a rather small effort and many secrets remained secret.

But the modern world and modern technology are changing the basis upon which those old concepts rested. Information advantage today does not consist only of a few quiet secrets, but of masses of data which must be distributed broadly throughout Government staffs in order that they may make their contribution to national policy.

A nation's security concerns have extended from purely military and diplomatic matters to complex problems of political dynamics, economic relationships, and social inequalities, all of which can produce major security problems. The role of the public in democratic societies, of course, has expanded with universal suffrage and universal education, and even in authoritarian countries it has become essential to inform, or sometimes indoctrinate, the public in the logic of a nation's policy and its demands for sacrifice.

INFORMATION DISTRIBUTION

Thus, in addition to information growing in scope, it has also grown in distribution. We have many examples in which a government's policy has failed because it has done an inadequate job of informing its public of the basis for that policy. And, on some occasions, the public perception of the correct policy has differed from that of the government. The role of information has changed. It is essential that our philosophy and policies with respect to it change also.

The old tactical advantage that was thought to exist in secrecy has diminished as the spread of information has made it clear how important it is that the information be circulated broadly, how difficult secrets are to keep, and how vital it is that the public be informed. Trends in technology and in world culture indicate that this process will only accelerate in the next 10 to 20 years.

Later in this century, we will undoubtedly be in a position where most of our information is handled on an automated basis and transferred at electric speeds throughout the world. This will make the change in the role of information even more striking. It is essential that we have a policy of encouraging innovative methods, not only of handling and absorbing this information, but of conducting the human and state relationships which this new phenomenon in world history will require.

I think in this context, Mr. Chairman, that one can look ahead to solving the problems that the less-developed countries are concerned about, of giving an inadequate portrait of the truth in their situation, not by controlling the word that goes out, but by developing new methods of analysis and new methods of presentation by which the entire proportion, in which the individual fact exists, can be seen. One can look both horizontally across the other disciplines and the other facts that affect it, and vertically in time as to how that fact looks in the context of development, that the growth of better housing can be seen in the same context as the shocking violation in human rights. They can be seen in proportion—not hiding either one, but nonetheless bringing them into appropriate proportion so that we can think clearly about them.

INFORMATION EXCHANGE ADVANTAGES

Mr. Chairman, I believe that we should eagerly look forward to this new world of information exchange and not decry the passage of the old one. There are great potential advantages to this kind of increased information, both for the State and for the individuals who make it up. There is also major advantage in the prospect of more open access to information. The long history of arms control probably forms one of the best examples of this. Starting in 1946, the United States has been concerned with the danger of nuclear weapons, and, at that time, offered to internationalize them through the United Nations under the so-called Baruch plan. We could not obtain the necessary assurances, however, that the restraints we would impose upon ourselves in such a situation would be adhered to by other nations, and so this dramatic step was not taken.

President Eisenhower sought to solve the dilemma when he suggested a program of "open skies," by which unarmed Soviet aircraft could fly over the United States and unarmed American aircraft fly over the Soviet Union, to monitor and provide assurance that an agreement on these weapons would be adhered to. But this also was rejected, as were proposals for inspection teams to circulate freely throughout nations which agreed to limit their weaponry.

INFORMATION SAVES MONEY

It was not until our technological intelligence, through space photography and electronics, enabled our Director of Central Intelligence to assure our President and our Congress in 1972 that we could monitor strategic arms limitations, that we were able to make the SALT [Strategic Arms Limitations Talks] Agreement of that year. A feature of that agreement was the mutual undertaking by the Soviets and the United States not to develop nationwide antiballistic missile systems. We have not done so, and we know the Soviets have not done so, and out of this we have saved our taxpayers something between $50 and $100 billion, which we would otherwise have had to spend in these past few years.

A similar contribution of information through technological intelligence devices can be found in the middle of the Sinai Desert, where sensors reassure both Egyptian and Israeli forces against surprise movements up to the line by hidden forces on the other side.

preparing for a sudden attack. This kind of information can remove the suspicions and misunderstandings of the past which have led to conflict. Further, however, the widespread of information available today, analyzed and assessed by the corps of scholars in our modern intelligence institution, can lay out on international negotiating tables the difficult political, economic, and social problems of the future for mutual discussion and resolution, permitting us to find solutions rather than seeing them fester and grow into violence.

ENCOURAGE MAXIMUM EXCHANGE

Thus, a fundamental element of a forward-thinking information policy should be to encourage maximum exchange of the increased information which will be available in the years ahead. In order to obviate the challenge that this material will only be used for the tactical advantage of the developed nations or their multinational corporations, this information should be made available to all parties.

International centers for the analysis and dissemination of such information, such as the many specialized organs of the United Nations, can insure that this is made available and tailored for all, and especially for the improvement of the lot of the less-developed world. And a portion of international development assistance should be devoted to improving the facilities and the expertise of the less-developed countries so that they may exploit and utilize the information thus made available.

Mr. Chairman, the truth in the world today is that no nation can repeat the effort that Japan made for 200 years to seal itself off from the outside world, an experiment which, incidentially, led to its falling behind the outside world, until the "Meiji restoration" in the 1860's opened Japan again.

Today we can develop vehicles to learn the information which others attempt to withhold from us, through the technology of modern intelligence, and we can spread that information to our own people so that they can know these facts. A good example, of course, is in the field of our relationships with the Soviet Union, where we are today fully informed in this country of the number and character of Soviet missiles, matters which are held very secret within the Soviet Union. We even use, in our negotiations with the Soviet Union, our information about their weapons systems because our information is sufficient to enable us to conduct this kind of negotiation, even though the Soviets pretend that that information is secret.

Any nation today that repeats the effort of King Canute, who tried to stop the tides by directing them to stop, will eventually repeat his experience of seeing his feet become rather thoroughly wet. The tides of the flow of information are no less strong today.

Within this posture of open information and communications, there is at the same time a requirement for some restraints. The legitimate privacy of individuals must be protected from unwarranted exposure. Confidential negotiations and internal discussions of governments and enterprises must be recognized. And secret sources must be protected to learn the secret dangers of a state refusing to recognize the obligations of participation in an increasingly open and interdependent

world. But these restraints would be relatively minor, however important, and would not conflict with the overall new philosophy and, I hope, policy.

Thank you very much, Mr. Chairman.

Senator McGovern. Thank you very much, Mr. Colby, for your statement. It will be very helpful to our record.

Our third witness is Mr. William Harley, president emeritus of the National Association of Educational Broadcasters, located in Washington, D.C.

Mr. Harley, we are happy to welcome you to the committee this morning.

Please proceed, sir.

STATEMENT OF WILLIAM G. HARLEY, PRESIDENT EMERITUS, NATIONAL ASSOCIATION OF EDUCATIONAL BROADCASTERS, WASHINGTON, D.C.

Mr. Harley. Thank you very much, Mr. Chairman. I am a former vice chairman of the U.S. National Commission for UNESCO and was a communications specialist on the U.S. delegation to the last two general conferences of UNESCO. I have also attended many other international conferences on communications and two recent meetings dealing with the media and the Third World.

As a consequence of this involvement, and perhaps as a reflection of the growing importance of international media matters, I have been retained, as of 2 days ago, as a part-time consultant on communications to the Department of State. However, I wrote this testimony as a private citizen and it is in that capacity that I am here today.

I have a written statement for the record, but will confine my oral presentation to an abridged version.

BALANCED AND FREE FLOW OF INFORMATION CONCEPT

I want to talk about the issues of free flow of information and press freedom as they are linked with the issue of media balance and how these issues, as viewed by the Third World and exploited by the Second, constitute a grave threat to human rights and to the stability of the world.

In 1968, largely at the initiative of the United States the concept of "balanced and free flow of information" was adopted as part of UNESCO's amended Declaration on Human Rights. However, the question of how a balanced and free flow of information is to be brought about has engendered strong controversy, particularly between the East and West, and it has become a topic of major international concern.

Beginning in the 1970's, there was a growing feeling among the developing countries that there could be no true free flow that was mainly a one-way flow. The mass media of the industrialized world, they felt, were so pervasive as to threaten their national goals, cultures, and political institutions. They charged that events within their borders were not being given fair or balanced treatment by international wire services and media, and that while positive aspects

of their development are seldom reported, their problems invariably are.

Third World countries, of course, depend primarily upon four Western news agencies—AP, UPI, Reuters, and Agence France-Presse—for news about each other and for news of the world. The location of these global news agencies determines both the direction of information flow and its content, which inevitably tends to reflect the viewpoints and values of industrialized countries in which these agencies have their headquarters.

It is this circumstance on which the Third World countries base their demand for a better balance in the production and dissemination of media so that they can articulate their own cultural values and their own views.

Increasingly, the developing nations view communications as essential support to their national development efforts; hence, when they perceive foreign media as hampering these efforts, many feel impelled to organize to counteract such influence. Accordingly, resolutions concerning the mass media have been approved by the last four UNESCO General Conferences.

But UNESCO's attempts to carry out these mandates of the membership have created widespread controversy. I want to cite three examples.

USE OF SATELLITE BROADCASTING

The first was UNESCO's effort to deal with a present response to a future possibility, the advent of direct broadcasting satellites capable of being received in the home. For the first time in history, it will be possible for one nation to send video signals directly to citizens of another without passing through any domestically controlled gate. This possibility, as Mr. Marks has reported, has given rise to widespread apprehension.

UNESCO, in 1971, developed a draft resolution governing the use of satellite broadcasting which contained that paragraph about the necessity for prior consent on the part of receiving countries. The resolution was strongly supported by the Soviet bloc and many Third World countries and strongly opposed by the United States; but when it came to a showdown, the United States stood virtually alone on the issue and the resolution was overwhelmingly adopted. The Soviets then sent it up to the U.N., which turned it over to its Committee on Peaceful Uses of Outer Space, and its Legal Subcommittee has been struggling with that issue ever since, trying to resolve the two basic positions, the one of the Soviets that failure to obtain prior consent is a violation of national sovereignty, and the U.S. position that such control is censorship at the source and an abridgement of free flow.

However, as Mr. Marks reported, at a recent meeting of the Legal Subcommittee, it appears that a technical development may well have made the philosophical argument moot. The International Telecommunications Union has been holding meetings at which satellite frequency allocations and orbital space assignments are being made on the basis of five channels per country. Such allocations have already been made for region 1, including Europe, Africa, the U.S.S.R.,

and part of Asia, and for region 3, including China, Japan, and the Pacific area.

The United States proposed that no decisions be taken at this time, but should be implemented as part of an orderly evolution as changes occurred and needs emerged. However, at the recent 1977 World Administrative Radio Conference, the United States lost again, and it may lose again in 1982, when there will be a meeting concerned with satellite allocations for region 2, at which a similar plan guaranteeing a fixed number of channels per country is likely to be adopted for the American region.

This approach is being argued now as making a declaration on "prior agreement" unnecessary, since it would be virtually impossible to use any country's assigned domestic satellite frequencies for international transmission purposes.

UNESCO DRAFT DECLARATION ON USE OF THE MEDIA

The second major international communications confrontation resulted from a Soviet resolution formulated at a UNESCO meeting in Paris in 1975. This was the famous "Draft Declaration on Use of the Media" that Mr. Marks described. It was clearly a Soviet ploy to extend the U.S.S.R. philosophy of state control of the media into the international sphere and thereby give it UNESCO sanction.

On the second day of that meeting, which I attended, by the way, a vote was taken on a Yugoslav proposal to amend the preamble of the Declaration so as to reference the U.N. resolution equating Zionism with racism, and the United States and 12 other nations walked out. That meeting, of course, continued and finally adopted a draft resolution, which was submitted to the 19th General Conference of UNESCO, held in Nairobi. I will say a bit more about that in a moment.

STATE CONTROL OF MEDIA SYSTEMS

First I want to describe the third example of UNESCO's problems in carrying out media mandates. This occurred at a conference in Costa Rica, where UNESCO held its first regional intergovernmental meeting on communication policies.

Most of the recommendations from that meeting dealt with such matters as a more just criterion for exchanges between nations and assertions that—

> a free flow of information will really exist only when all countries have equal access to all the sources of information and take part on an equal footing in the control over and use of international channels of dissemination.

Perhaps the most troublesome theme to emerge from the meeting was that news media should be used to help bring about social change. Communication was seen not as an end in itself, but as a means to preconceived ends. Few would quarrel with the logic that communications should be integrated into overall national development plans, and this is what UNESCO has been urging; but a problem arises if the pursuit of such planning leads to suppression of news that is considered harmful to the national development, and circulation of news is limited to that considered beneficial.

The repeated call for a balanced flow of information is related to the development of the new international economic and social order. But since the achievement of those ends is the role of government, it may also tend to foster government control of the news. Government control of news agencies may not in itself threaten freedom of the press. The threat arises when one of them acts as the exclusive disseminator of news for a country or region, and access to information is denied to foreign or other domestic media.

In any case, the attitudes expressed at San José reflect the fact that a majority of nations in the world today have a much more restrictive concept of freedom of the press and of speech than ours. Fragile young governments, lacking firmly established institutions and educated peoples, feel they are not ready for freedom of speech and freedom of the press. Hence, government control of media, they feel, is necessary for their viability. An alarming extension of this philosophy is a growing tendency for the Third World countries to emulate the Soviet bloc countries in closing themselves off from outside scrutiny. This brokers a marriage of convenience between authoritarian communism and Third World nations whose fear of foreign domination can be exploited in the direction of government control of communications.

This alliance was abundantly evident at the Paris conference on use of the media, when the Soviets were able to gain the support of 41 of the 49 nations voting for a decidedly restrictive declaration.

The draft adopted there expressly or implicitly calls for state control of the media systems, and it is understandable, therefore, that the United States and other countries of the free world mounted an extraordinary effort to have this declaration set aside at Nairobi, and they succeeded. However, it was only postponed for 2 years and, in some form or other, will come up before the 1978 General Conference of UNESCO. Hence, those championing the unfettered flow of information have merely won a delay in an open-ended contest. In fact, if anything, developments and discussions on the international scene concerning media are accelerating. Always the Third World theme is the same—their intolerable dependence upon the industrialized world for information and communication, and the need to make redress of the overwhelming global media imbalance a top priority for world communication policy.

The Soviets are working relentlessly to exploit these concerns in an effort to turn the news media of the world into tools of the state. The Third World nations are readily attracted to the concept of controls as a way of making the press responsible.

CALL FOR NEW WORLD INFORMATION ORDER

The fact that Western news agencies are now socially or legally responsible for their acts internationally has crystalized their determination to create a new information order for the world in which accountability is guaranteed. Consequently, Soviet proposals, such as the use of the media declaration, find a ready response among many fragile and authoritarian regimes. Control of the news in their own countries, as well as control of the flow of international news across

their boundaries, seems to such developing nations not only reasonable, but desirable.

It should be clear now to every partisan of liberty, says Chicago Tribune editor Clayton Kirkpatrick, that the free press, indeed, all free news media, are in trouble in the Third World.

Roger Tatarian, a former UPI vice president, asserts that no more than one-fifth of the globe has freedom of expression today. The International Press Institute reports that during 1976, "Restraints on the media and the persecution of journalists throughout the world intensified to an unprecedented degree."

The stark data of a summary of foreign press incidents prepared for the National Newspapers Association, if these facts are as reported, underscore the gravity of the situation. These data were compiled by W. Terry Maguire, a lawyer on the staff of the Federal Communications Commission, from a variety of sources, including the London publications "Amnesty International" and "Index on Censorship," as well as from personal contacts and investigations abroad. This partial summary covers incidents between July 1, 1976, and May 9, 1977: Reporters killed—3; incidents of foreign journalists, including United States, refused entry, detained, imprisoned, or deported, and foreign media offices closed—51; domestic media seized, temporarily banned, expropriated, closed, or folded—81; domestic journalists detained, imprisoned or denied press credentials—101; incidents of bombing, kidnaping, wounding, or missing—11; and so on.

This is a disturbing report of incidents of violation of human rights and press freedom.

PROSPECTS FOR PRESERVING AND ENLARGING FREEDOM OF THE PRESS

The prospects for preserving and enlarging freedom of the press in today's world are indeed grim. But are they doomed? No.

No, not if we in the West will undertake to react by swift and concerted action to eliminate the causes of legitimate Third World grievances about the industrialized nations' dominance and control of world news and the developing countries' present inability to bring about anything like a "fair" distribution of information wealth. There are clues to be found in two recent international conferences.

The victory at Nairobi demonstrated conclusively what can be done against great odds by mounting a concerted campaign on a major issue. It was the consequence of a widespread effort that involved the U.S. State Department working with our allies and certain Third World countries, the U.S. National Commission for UNESCO, the World Press Freedom Committee, and many, many other organizations and individuals.

But this was essentially a counter campaign, a negative response to a Soviet initiative. It is much more important that the United States take the initiative itself in leading an affirmative response to Third World media concerns. Here again there is a clue in the Nairobi experience.

WESTERN VIEW OF MEDIA

During the debate, the Western representatives listened sympathetically to problems outlined by emerging countries. But they argued that the way to improve the world media situation was neither re-

striction of the media capacities of the industrialized countries nor embrace of self-defeating controls for developing countries that would strangle their own communications and cut them off from free international exchange of information. A better way was to improve their own communications capacities so that they could make a larger contribution to the world's free flow of news and ideas. This, the West argued, was the way to redress an admittedly enormous imbalance in the international media.

At the recent New York meeting sponsored by the Edward R. Murrow Center, the Western press people were able to talk frankly with fellow journalists from the Third World and to get their candid views on the kind of help they would really like to have. Their responses were stimulated in part by the announcement of the formation of the World Press Freedom Development Committee, funded by private contributions, to keep promises made in Nairobi that the developed media were ready to help their professional colleagues in the less developed parts of the world.

Among the goals of the committee are establishing a manpower pool of experts, donating equipment, and setting up a clearinghouse for information on training programs which journalists from developing nations might utilize.

WHAT TO DO

So, Mr. Chairman, I submit that we do have some clues as to what can be done on the basis of these conferences.

First: A concerted action in cooperation with our allies and Third World friends on specific issues as they emerge.

Second: Joining with other industrialized nations in providing practical assistance to developing countries to help expand and strengthen their communications capacities.

Third: Gaining an understanding of Third World country grievances about the media and ascertaining what the real needs are, and then responding in the most practical ways possible to help them help themselves to fulfill their potential in communications development.

If the United States is to exert world leadership in this pressing aspect of human rights, it will have to be constantly vigilant wherever and whenever freedom of the press and expression is threatened; to oppose actions within the U.N. system that would diminish free communications; and to take the lead in initiating and supporting programs in the international area which will demonstrate that free flow of information is a concept vital to the well-being of all the peoples of the world.

Our response, together with that of our allies, to this challenge will determine whether relations between the advanced and less advanced countries go forward in the spirit of continued confrontation or in the spirit of Harambee—that is, in the spirit of practical cooperation for the common good.

Thank you, Mr. Chairman.

[Mr. Harley's prepared statement follows:]

PREPARED STATEMENT OF WILLIAM G. HARLEY

I am a former vice-chairman of the U.S. Commission for UNESCO and was a communications specialist on the U.S. Delegation to the last two general con-

ferences of UNESCO. I have attended many other international conferences on communications and have recently been present at two world meetings dealing with the media and the Third World.

It is from this perspective, Mr. Chairman, that I wish to talk to you today about the matter of free flow of information and press freedom as they are linked with the issue of media balance and how these issues, as viewed by the Third World and exploited by the Second, constitute a grave threat to human rights and to the stability of the world.

In 1968—largely at the initiative of the United States—the concept of "balanced and free flow of information" was adopted as part of UNESCO's amended Declaration on Human Rights. However, the question of how a balanced and free flow of information is to be brought about has engendered strong controversy, particularly between the East and the West, and it has become a topic of major international concern.

At the 19th General Conference of UNESCO this past November, at Nairobi, there were two and a half days of heated debate on the international role of the media. Spokesmen for the Third World deplored the West's overwhelming dominance of the world's news and assailed its global news agencies for assorted sins of omission and commission. They called for a drastic rebalancing of the free flow of information as part of the new economic order. The Socialist countries maintained that the press must be a part of the social system, devoting its efforts to social progress and the achievement of national goals and aspiration. Spokesmen for the West, on the other hand, maintained that the press must be free and independent of government, that it should not be used to further state policy, and that the way to establish a more effective press in the Third World was certainly not through greater government control.

In effect, it was a confrontation between those who believed in an unfettered press and those who felt that the press, in order to service national interests, must be responsible to the state.

The issues of free-versus-controlled and Third-World-versus-Western press are not new. They have been raised again and again in international forums. Beginning in the '70's there was a growing feeling among the developing countries that there could be no true free flow that was mainly a one-way flow. The mass media of the industralized world, they felt, were so pervasive as to threaten national goals, cultures, and social and political institutions. Developing nations voiced concern that events within their borders were not given fair or balanced treatment by international wire services and media; and they charged that while positive aspects of their development are seldom reported, their problems invariably are.

Third World countries depend primarily upon four Western news agencies—AP, UPI, Reuters, and Agence France-Presse—for news about each other and for news of the world. The location of these global news agencies in a very few industrialized nations determines both the direction of information flow and its content, which inevitably tends to reflect the viewpoints and values of the countries in which these agencies have their headquarters. It is this circumstance that prompts the demand by Third World countries for a better balance in the production and dissemination of news so that they can articulate their own cultural values and points of view.

Increasingly, developing nations view communications as essential support to their development efforts; hence, when they perceive foreign media as hampering these efforts, many feel impelled to organize to counteract such influence. Accordingly, resolutions concerning the mass media have been approved by the last four UNESCO General Conference.

The 1970 and 1972 General Conferences directed UNESCO to assist member states in formulating mass communication policies as an integral part of the national development process. The 1974 General Conference called for a series of regional intergovernmental meetings on communication policies. But UNESCO's attempts to carry out these mandates have created widespread controversy. Let me cite three examples.

The first was UNESCO's effort to deal with a *present* response to a *future* possibility—the advent of direct broadcasting satellites, capable of being received in the home. For the first time in history it will be possible for one nation to send video signals directly to citizens of another without passing through any domestically-controlled gate. It is this possibility that has given rise to so much apprehension and heated debate within the United Nations system. The concern are of two kinds. Direct satellite broadcasting may:

(a) provide citizens of a receiving country with information incompatible with their mores, disruptive of their culture, and meddlesome with their political system, and

(b) become a monopoly of advanced countries, with the result that smaller countries will be exposed to massive incursion of foreign ideas and influence. Their only recourse, small nations feel, is interposing international controls.

Accordingly, in 1971 UNESCO developed a draft resolution on guiding principles governing the use of satellite broadcasting which contained a stipulation that direct satellite signals must not be transmitted without prior consent of receiving countries. It was strongly supported by the Soviet bloc and Third World countries.

The United States opposed the resolution as a basic violation of free speech and a contravention of the Universal Declaration of Human Rights. At the 17th General Conference of UNESCO, in 1972, the United States stood alone on a procedural vote (100 to 1), and subsequently the resolution was overwhelmingly adopted. The Soviets promptly submitted a similar resolution in the UN, which turned it over to the UN Committee on Peaceful Uses of Outer Space. Its legal subcommittee has been meeting periodically ever since in efforts to reconcile the basic difference between the Soviet position—that failure to obtain prior consent is a violation of national sovereignty—and the U.S. position—that such control is censorship at the source and an abridgement of free flow.

In the meantime, the International Telecommunications Union (UN) has been holding meetings at which satellite frequency allocations and orbital space assignments are being made on the basis of five channels per country. Such allocations have now been made for Region 1 (Europe, Africa, the USSR, and part of Asia) and for Region 3 (China, Japan, and the Pacific area). The U.S. had proposed that no decisions be taken at this time, because they were being made on the basis of outmoded data and, considering the speed of technological development, should be implemented as part of an orderly evolution as changes occurred and needs emerged. However, at the 1977 World Administrative Radio Conference, the fear of the Third World nations that somehow they would be left out prevailed, and the U.S. lost again. And it may lose again in 1982, when there will be a meeting concerned with satellite allocations for the United States' own Region 2 at which—unless it can demonstrate compelling reasons for adopting its go-slow policy—a similar plan guaranteeing a fixed number of channels per country is likely to be adopted for the American region.

The British, for one, think this approach makes a declaration on "prior agreement" unnecessary since it would be virtually impossible to use any country's assigned domestic satellite frequencies for international transmission purposes. In any case, later this month the UN legal subcommittee will convene for another round of discussions on direct satellite broadcasting, with the U.S. presumably maintaining its unalterable opposition to prior consent as an obstacle to free flow.

The second major international communications confrontation resulted from a Soviet initiative—a resolution formulated at an UNESCO meeting in Paris in 1975: "A Draft Declaration on Fundamental Principles Governing the Use of Media in Strengthening Peace and International Understanding and in Combatting War Propaganda, Racism, and Apartheid." This was clearly a Soviet ploy to extend the USSR philosophy of state control of the media into the international sphere and thereby give it UNESCO sanction. The Declaration was little more than a set of directives on what the media of the world should say or do to foster these objectives under state control.

Representatives of 85 nations came to the Paris meeting. On the third day, when a vote was taken on a Yugoslav resolution amending the preamble to the Declaration so as to reference the UN resolution equating Zionism with racism, the United States and 12 other nations walked out. The meeting, of course, continued and finally adopted a Draft Resolution, which was submitted to the 19th General Conference of UNESCO, held in Nairobi last November.

I'll return to the Nairobi debate in a moment, but before that I think it will be useful to show how the controversial issues involved in the satellite and use-of-media declarations have evolved in recent years.

Despite the explosion in communications technology in the last two decades, it was not until their political decolonization was well along that the Third World countries became aware of the importance of information and communication at the national and international levels. The first official manifestation of this awareness came at the Summit Meeting of Foreign Ministers of Non-Aligned Countries in Algiers in 1973. At this meeting, the demand for

decolonization of information flow was seen as a phase of the emancipation process.

A Non-Aligned Conference in Lima in 1975 recommended accelerated cooperation among Non-Aligned Countries with a view to reorganizing domestic mass media still dependent upon foreign countries. It also urged various forms of cooperation in the use of mass media. These themes were rearticulated last year at symposia of information specialists from Non-Aligned Countries meeting in Tunis in March and in Mexico City in May. The drive to break the monopoly of international communications by transnational corporations was reflected at a July meeting of 58 nations convened at New Delhi; and the recommendations of that meeting were ratified at a meeting of Foreign Ministers held in Colombo, Sri Lanka, in August.

The principal action item called for was the establishment of a pool of Third World press agencies, most of which are owned or controlled by governments. As discussed, this pool of news agencies would represent official versions of events in member countries and would enjoy exclusive rights to disseminate domestic views within a given territory. Subsequently, Third World spokesmen have denied that this is their intention; however, this possibility remains a concern of the Western media.

The third example of UNESCO's problems in carrying out media mandates was an occurrence last summer in Costa Rica, where UNESCO held the first of its regional intergovernmental conferences on communication policies. This conference aroused great controversy even before it began, partly due to reports of preliminary meetings of experts in Bogota (1974) and in Quito (1975), but mostly because background papers submitted in preparation for the San Jose meeting suggested alternatives that implied government control of the press. UNESCO vehemently denies that these submissions represented its policy. They were merely views of experts who were commissioned to write working papers. At the same time UNESCO reaffirmed its traditional stand in favor of free flow of information and freedom of expression.

During the conference, conferees dwelt upon the advanced countries' dominance of information channels—calling it "cultural aggression"—and spoke harshly of the failure of private media to serve rural needs. What finally emerged from the nine-day meeting, however, was ambiguous.

While all 46 San Jose resolutions (of which 32 were adopted) called for greater government participation in every area of communications, some defended principles of press freedom and free flow of information and some called for varying degrees of control over foreign and domestic media.

Most of the recommendations dealt with such matters as a more just criterion for exchanges between nations and assertions that a "free flow of information will really exist only when all countries have equal access to all the sources of information and take part on an equal footing in the control over and use of international channels of dissemination." Nevertheless, there were enough denunciatory things said and enough draft resolutions of a restrictive and manipulative nature offered to show an ominous trend.

Perhaps the most troublesome is the theme that news media should be used to help bring about social change. Communication was seen not as an end in itself but as a means to preconceived ends. Few would quarrel with the logic that communications should be integrated into overall national development plans, and this is what UNESCO has been urging; but a problem arises if the pursuit of such planning leads to suppression of news that is considered harmful to the national development, and circulation of news is limited to that considered nationally beneficial.

The repeated call for a balanced flow of information, too, is related to development of the new international economic and social order. But since the achievement of these ends is the role of government, it may also tend to foster government control of the news. Government control of regional or national news agencies may not in itself threaten freedom of the press. The threat arises when one of them acts as the *exclusive* disseminator of news for a country or region, and access to information is denied to foreign or other domestic media.

In any case, the attitudes expressed at San Jose reflect the fact that a majority of nations in the world have a much more restrictive concept of freedom of the press and of speech than ours. Fragile young governments, lacking firmly established institutions and educated peoples, feel they are not ready for freedom of speech and the press; hence, government control of media is neces-

sary for their viability. An alarming extension of this philosophy is a growing tendency for the Third World countries to emulate the Soviet bloc countries in closing themselves off from outside scrutiny. This brokers a marriage of convenience between authoritarian Communism and Third World nations whose fear of foreign domination can be exploited in the direction of government control of communications. This alliance was abundantly evident at the Paris conference on use of the media when the Soviets were able to gain the support of 41 of 85 nations attending for a decidedly restrictive declaration.

The draft adopted at Paris expressly or implicitly calls for state control of media systems and the ideas and information they convey, *i.e.*, Article XII: "States are responsible for the activities in the international sphere of all mass media under their jurisdictions." This was repugnant to all countries that place a high value on freedom of expression since it dictated how the media should act and made governments responsible for their conduct. It is understandable, therefore, that the United States and other countries of the free world mounted an extraordinary effort to have this Declaration set aside—and they succeeded. However, it was only postponed for two years and, in some form or other, will come up before the 1978 General Conference of UNESCO for decision. Hence, those championing unfettered flow of information have merely won a delay in an open-ended contest. In fact, if anything, developments and discussions on the international scene concerning media are accelarating.

The UNESCO Secretariat is establishing a panel of experts who will conduct a two-year study of the major issues of modern communications with the objective of publishing a definitive report to guide international behavior in this area.

The Coordinating Council for Information of Non-Aligned Countries held a meeting in Tunis in April and meetings of its news agency pool committee in Cairo in January and its technical committee in Baghdad in March. Also this spring there was a conference to establish a Pan African News Agency Pool. And just last month UNESCO conducted a conference of world journalists in Florence to discuss free and balanced flow of media, and the Erward R. Murrow Center for Communications and Public Policy sponsored a meeting in New York on Press Freedom and the Third World.

Other meetings will follow. A similar meeting is planned by the Murrow Center for next year. UNESCO will hold its second regional conference on communications in Kuala Lumpur this next August and a third in Africa in 1980. A First Conference of Radio and Television Representatives of Non-Aligned Countries is scheduled for the end of this year. And so it goes. International conference after international conference.

And always, the Third World theme is the same: their intolerable dependence upon the industrialized world for information and communication and the need to redress the overwhelming world media imbalance and make a "fair" distribution of information wealth the top priority for world communication policy.

The Soviets, with their passion for promoting the concept of state sovereignty as superseding all else, are working energetically in these troubled waters seeking to turn the news media of the world into tools of the state. And the Third World nations are readily attracted to the concept of controls as a way of making the press responsible. Their frustrations at not being able to respond with news gathered and transmitted by themselves is behind the growing dissatisfaction and, in some cases, outright hostility toward the West in general and the Western news agencies in particular.

The fact that these news agencies are not socially or legally responsible for their acts internationally has crystalized determination to create a new information order for the world in which accountability is guaranteed. Consequently, Soviet proposals such as the use-of-the-media declaration find a ready response among many fragile and authoritarian regimes; thus, control of news in their own countries as well as control of the flow of international news across their boundaries seems in developing countries not only a reasonable but a desirable policy.

It should be clear now to every partisan of liberty, says Chicago *Tribune* Editor Clayton Kirkpatrick, that the free press—indeed, all free news media—are in trouble in the Third World. The scope of that trouble can be measured by the Third World's claim to represent two-thirds of the earth's humanity. Roger Tatarian, former UPI vice-president, asserts that no more than one-fifth of the globe has freedom of expression, and the trend is downward. And the International Press Institute reports that during 1976, "Restraints on the media

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and the persecution of journalists throughout the world intensified to an unprecedented degree."

Kirkpatrick, admonishing the American Newspaper Publishers Association recently that indifference to this situation would be a mistake, warned: "We may find our reporters barred from access to the news in vast regions of the world. We may find it impossible to send our news into their countries. Even more serious, we may find the virus of authoritarian controls spreading wider and wider with ever-increasing threat to us and our fellow democracies."

The stark data of a summary report on Foreign Press Developments prepared for the National Newspapers Association underscore the gravity of the situation. These data were compiled by W. Terry Maguire, a lawyer on the staff of the FCC, from a variety of sources, including the London publications *Amnesty International* and *Index on Censorship*, as well as from personal contacts and investigations abroad. This partial summary covers incidents between July 1, 1976, and May 9, 1977:

Reporters killed	3
Foreign journalists (including U.S.) refused entry, detained, imprisoned, or deported, and foreign media offices closed	51
Domestic media seized, temporarily banned, expropriated, closed, or folded	81
Domestic journalists detained, imprisoned, or denied press credentials	101
Incidents of bombing, kidnapping, wounding, or missing	11

And so on—a disturbing summary of incidents of violation of human rights and press freedom. The country-by-country details behind these summary statistics are even more disturbing.

The prospects for preserving and enlarging freedom of the press in today's world are indeed grim. But are they doomed? No.

No, not if we in the West will undertake to react by swift and concerted action to eliminate the causes of legitimate Third World grievances about the industrialized nations' dominance and control of world news and the developing countries' present inability to bring about a "fair" distribution of information wealth. There are clues to be found in the Nairobi and Murrow Center conferences.

The victory at the Nairobi conference demonstrated conclusively what can be done against great odds by mounting a concerted campaign on a major issue. It was the consequence of a widespread effort that involved the U.S. State Department working with our allies and contacting 106 other countries. In the private sector, the U.S. National Commission for UNESCO convened a group of media executives to brief them on the Nairobi "crisis" and arouse them to launch a counter-campaign. The World Press Freedom Committee, a council of American and international organizations, persuaded members to print editorials, write letters to friends in other parts of the world, and even travel to Nairobi to talk with delegates in the corridors. And the U.S. National Commission also induced the Director General of UNESCO to send two top aides to Washington to assess the seriousness of American concern over this media issue and, later, to come himself to confer with Mr. Kissinger. The result of these visits convinced the Director General and staff that ways had better be found to shelve the media issue lest it blow up the whole conference. The victorious outcome demonstrated that a concerted effort focused on a specific issue can succeed within the international structure.

But this was a counter-campaign—a negative response to a Soviet initiative. It is more important that the U.S. take the initiative in leading an affirmative response to Third World media concerns.

Here again there is a clue in the Nairobi experience. During the debate the Western representatives listened sympathetically to the problems outlined by emerging countries and acknowledged that the Western press agencies were not without fault. They argued, however, that the way to improve the world media situation was neither restriction of the media capacities of the industrialized countries nor embrace of self-defeating controls for developing countries that would strangle their own communications and cut them off from free international exchange of information. A better way was to improve their own communications capacities so that they could make a larger contribution to the

world's free flow of news and ideas—not reduce the capacities of *some* but increase the capacities of *all*. This, the West argued, was the way to redress the admittedly enormous imbalance in the international media. And to help bring this about, the Western representatives offered technical assistance to improve the quality and quantity of media production and provide professional assistance to increase the competence of media management and performance.

This approach was employed in a subsequent debate at Nairobi over the so-called Tunisian Resolution, which provided UNESCO funds for a series of studies and research activities designed to strengthen communications in developing countries. The U. S. strongly supported this measure as exemplifying the proper focus of UNESCO activity in the media: namely, practical assistance to developing nations to help them help themselves in improving their communication capabilities in line with their own needs.

At the recent New York meeting sponsored by the Edward R. Murrow Center, the Western press people were able to talk frankly and directly with fellow journalists from the Third World and get their candid views on the kind of help they would really like to have. Their responses were stimulated, in part, by the announcement of the formation of the World Press Freedom Development Committee, funded by private contributions to keep the promises made in Nairobi that the developed media were ready to help their professional colleagues in the less developed areas of the world.

Among the goals of the Committee are establishing a manpower pool of experts, donating equipment, and setting up a clearinghouse for information on exchange and intern and technical training programs which journalists from developing nations might utilize. Organizers of the project said it is an attempt to alleviate the legitimate concerns of the Third World about the communications gap which exists in the world and to head off a growing trend toward increased control of media that threatens free press access in many areas of the world.

So, I submit, we do have some clues as to what can be done:

(1) Concerted action in cooperation with our allies and Third World friends on specific actions;

(2) Joining with other industrialized nations in providing, through government and private channels and through bi-national or multi-national arrangements, practical assistance to developing countries to help expand and strengthen their communications capacities; and

(3) Gaining an understanding of grievances about the media and ascertaining what the real needs are, and then responding in the most practical ways possible to help developing countries fulfill their potential in communications development.

If the United States is to exert world leadership in this pressing aspect of human rights, it will have to be constantly vigilant wherever and whenever freedom of the press and expression is threatened; to oppose actions within the UN system that would diminish free communications; and to take the lead in initiating and supporting programs in the international area which will demonstrate that free flow of information is not a subterfuge for commercial exploitation, as has been charged, but a concept vital to the well-being of all peoples of the world.

Our response, together with our allies, to this challenge will determine whether relations between the advanced and less advanced contries to go forward in the spirit of continued confrontation or in the spirit of Harambee—that is, in the spirit of practical cooperation for the common good.

The world is in a gathering crisis of resource imbalance, and one of the most important of resources and one of those most out of balance is communications. This disparity strains the international system of communications as well as the stability of the globe.

In these few minutes, Mr. Chairman, I hope I have been able to focus your attention on the issues of international flow of media and underscore their urgency and vital importance to this country and the welfare of the world.

WITNESS

Senator McGovern. Thank you very much, Mr. Harley, for your statement. We appreciate it.

Our final witness is Mr. Anthony Oettinger, who is accompanied by Mr. John LeGates.

Mr. Oettinger is with Harvard University and is chairman of the program on information resources policy, and Mr. LeGates is the Director of that program.

Gentlemen, we welcome you.

[Mr. Oettinger's biography follows:]

BIOGRAPHY OF ANTHONY G. OETTINGER

Anthony G. Oettinger, chairman of the Harvard Program on Information Resources Policy, is Professor of Information Resources Policy, a member of the Faculty of Public Administration and Gordon McKay Professor of Applied Mathematics at Harvard University.

He is chairman of the CATV Commission of the Commonwealth of Massachusetts and a consultant to the National Security Council, Executive Office of the President of the United States. He is a member of the Research Advisory Board of the Committee for Economic Development and was an advisor to the CED subcommittee that prepared the report *Broadcasting and Cable Television: Policies for Diversity and Change*, issued by CED in April 1975. Since 1956, he has served as a consultant to Arthur D. Little, Inc., on the uses of information technologies in many industries; he served as a principal consultant to the team that prepared *The Consequences of Electronic Funds Transfer—A Technology Assessment of Movement Toward a Less Cash/Less Check Society*, a report for the National Science Foundation published by the Government Printing Office in June 1975.

He has been president of the Association for Computing Machinery (1966–68) and a consultant to the Office of Science and Technology, Executive Office of the President of the United States (1961–73). He is a Fellow of the American Academy of Arts and Sciences, the American Association for the Advancement of Science and the Institute of Electrical and Electronics Engineers.

As chairman of the Computer Science and Engineering Board of the National Academy of Sciences (1967–73), he led the preparation of NAS reports on *A Technical Analysis of the Common Carrier/User Interconnections Area* (Lewis S. Billig, Project Director), *Databanks in a Free Society: Computers, Record Keeping and Privacy* (Alan F. Westin, Project Director) and on *Libraries and Information Technology—A National System Challenge* (Ronald L. Wigington, Project Director). He is the author of *Automatic Language Translation: Lexical and Technical Aspects, of Run, Computer, Run: The Mythology of Educational Innovation* and of numerous papers on the uses of information technologies, including, most recently, *Foreign Policy Choices for the 1970s and 1980s: Information Resources: Strategic Strengths—Strategic Weaknesses*, a report of the Program prepared, with William Read, at the request of the U.S. Senate Foreign Relations Committee.

[Mr. LeGates' biography follows:]

BIOGRAPHY OF JOHN C. LEGATES

John C. LeGates is Director of the Program and lecturer in Information Resources Policy. His experience prior to joining the Program has been in the business community, developing and managing computer and communications systems.

At Educom, he was the executive director of the Educational Information Network (EIN) and the author of several articles on computing networking. Earlier, as Vice President of Cambridge Information Systems, Inc., he was director of the technical staff, and responsible for the company's nationwide marketing efforts. He also directed the development of the Massachusetts General Hospital Integrated Information System.

At Computer Advisory Services to Education Inc., Mr. LeGates was vice president and director. At Bolt, Beranek and Newman, Inc., he was responsible for exploring the potential of the Telcomp language in education.

His studies were in mathematics (Harvard) and philosophy (Yale).

STATEMENT OF PROF. ANTHONY G. OETTINGER, CHAIRMAN, PROGRAM ON INFORMATION RESOURCES POLICY, HARVARD UNIVERSITY, CAMBRIDGE, MASS.; ACCOMPANIED BY JOHN C. LeGATES, DIRECTOR, PROGRAM ON INFORMATION RESOURCES POLICY

Mr. OETTINGER. Thank you, Mr. Chairman.

As you have stated, I am a professor at Harvard University, where I am also chairman of the program on information resources policy. Mr. LeGates, who is here with me, is the director of that program.

Quietly and, for most people, imperceptibly, the world has entered into what some call an "information age."

CONCEPT OF INFORMATION AS A RESOURCE

Once upon a time, this was a purely academic concept. Several years ago, my colleague, Daniel Bell, noted that just as steam and electrical energy have enabled agricultural societies to industrialize, so today information is the transforming resource of a new age.

Indeed, even that erstwhile academic, Zbigniew Brzezinski, some years ago wrote a book entitled, "Between Two Ages," and subtitled, "America's Role in the Technetronic Era," in which the theme of information as a driving force played a major role.

As you stated in your opening remarks, that notion is no longer purely academic; the concept is now echoed in advertisements by IBM and discussed in banking trade journals.

I think, Mr. Chairman, that the concept of information as a resource is the key to finding what in your opening remarks you hope to be a pattern that shows the interrelationships of many issues that so far have been discussed as if they existed solely in rather isolated compartments. I think that the theme of information as a resource provides a unifying concept, and my testimony will explore what it means.

MEANING OF "INFORMATION AGE" TO FOREIGN POLICY

In particular, what does being in the information age mean to our foreign policy?

The witnesses who have preceded us today and those who will follow us are expressing concerns about information stemming from their experience in government and in business. Some of them are concerned with what I call traditional information products, like American magazines and TV shows which circulate abroad, or else with the roles of news gatherers, like AP and UPI, and others.

Some of the other witnesses that you will hear tomorrow and the next day are concerned with information hardware in terms of problems of import and export of telephone, computer, television and other electronic equipment. Still others are concerned with computerized information networks which have now become a key to global operations, most notably for multinational banking, but also for every other kind of transnational enterprise.

Distilling from such experiences, we've come to see that in the in-

formation age the world is beginning to rely on information as a basic resource. Like energy and materials, information is a fundamental resource on which is based the well-being of every individual in every nation. And so, the Third World concern over control of that resource is, I think, quite understandable.

ROLE OF INFORMATION AS IT RELATES TO INTERDEPENDENCE

Let me illustrate the role of information as it relates to that condition of international affairs known as interdependence.

Just 20 years ago, very little information flowed between the United States and Europe by telephone. The reason is simple. It was not until 1956 that the first transatlantic telephone cable came into service, replacing the unreliable and costly radiophone. That first cable had about 50 circuits. It was kind of an eye of a needle through which telephone communications had to pass.

The newest transatlantic cable, which came into service in 1976, has 4,000 voice-grade circuits, a multiple of over 100. In all, we now have six transatlantic telephone cables, and they, together with satellites, can provide up to 18,000 circuits between this country and Europe.

In the short span of 20 years, we have gone from scarcity to abundance in telecommunications across the Atlantic.

Now what is significant about that rapid rise is not the technological gee wizardry that underlies it. The fact is that those thousands of circuits have enabled the flow of information between Europe and America by telephone alone to change from a trickle to a torrent, from less than half a million calls both ways in 1956, to over 7 million calls in 1970, and over 24 million calls in 1975.

The financial data of multinational banks, among others, flow through those circuits. The technical information for operating nuclear powerplants built by American firms abroad flows through those circuits. The command and control instructions of the oil companies flow through those circuits. And, in sum, the interdependence of America and Europe is fostered by the flow of information through those circuits.

While there is what I call the traditional concerns of free flow, say, of news, which some of the preceding witnesses have stressed, I want to make the point that this flow of command and control, of commercial information, and so on, is a new and growing concern and one that is of major strategic importance to this country and, indeed, to the rest of the world.

What we see in examples like this, then, is a growing dependence on information resources. What that dependence means domestically and internationally is the question that our program on information resources policy has geared itself up to address since it was established 4 years ago.

Last year we had the pleasure of sharing some of our findings with your parent committee, which commissioned us to prepare a report entitled, "Foreign Policy Choices for the 1970's and 1980's" and subtitled, "Information Resources, Strategic Strengths—Strategic Weaknesses."

Two months ago, we described the domestic significance of information resources at the request of the Subcommittee on Communications of your Chamber's Committee on Commerce, Science and Transportation. With your permission, Mr. Chairman, I would like to submit that testimony for your record since some of our points will be that domestic and foreign affairs in information resources are closely linked.

Senator McGovern. Without objection, that will be made a part of the hearing record.

[The information referred to follows:]

PREPARED STATEMENT OF ANTHONY G. OETTINGER AND JOHN C. LEGATES

Mr. Chairman, my name is Anthony G. Oettinger. I am a professor at Harvard University, where I am the Director of the Program on Information Resources Policy. Here with me is Mr. John LeGates, Executive Director of the Program.[1]

As we understand it, you have heard the concerns of regulators and regulated in the telecommunications industry. You have also heard about the golden promises and the leaden threats that advances in computer and communications technologies portend for various interested parties.

Your staff suggested we address the questions "what does it all mean?" and "where does it all fit?" Those questions about information resources are what the Harvard Program on Information Resources Policy has geared itself up to addressing in the four years of its existence.[2] What we learn we are pleased to pass on to distinguished undergraduates, businessmen, senators and other member of the public.[3]

There are four points which I believe will be useful to you in understanding the testimony which confronts you.

The first is that the information industries, which were separate and distinct as recently as a decade ago, are now tightly intertwined and in turmoil. The second is that the demands and stakes of individual consumers are undergoing significant changes. The third is that there are great economic and high political stakes in the information world. Finally, the stance of the United States Government in general, and of this committee in particular, is marginally adequate, at best, to cope with the turmoil.

I have time only to outline salient points without presenting much, if any, by the way of supporting evidence or argument. I'll be happy to respond to your questions now or later.[4]

THE INTERTWINED INFORMATION INDUSTRIES

The science and technology of computers and of communications are now indistinguishable. Because we get tired of having to say "computer and communications", we have coined the term "compunciations".

The commonality appears in basic components like integrated circuits. It is present in basic principles like the digital encoding that has been the hallmark of computer technology since World War II and that is increasingly used in telephone networks to transmit both voice and data.

Computers and communications have merged not only in terms of hardware components or techniques, but also in terms of services or, more broadly, in terms of functions. Whether we talk about transmission or storage or manipulation of information, we can no longer tell communications functions apart from computer functions.

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[1] Biographies are appended.

[2] A listing of the affiliates who support the Program's work is appended. They include competitors, competing industries and their customers, as well as government agencies.

[3] Maps of the information resources arenas and descritions of the scope of the Program's work and how it operates are given in the appended *Annual Report 1975–76 Information Resources Policy: Volume One, Arenas, Players and Stakes*, and *Volume Two, Program Projects*.

[4] Some details are in the apended *Performance, Politics and Policy in Computer/Communications: A Policy Agenda*.

To add to the confusion, compunications extends into other industries which perform these functions as well. These are being actively drawn into the competition. Let me name a few.

Banks are in the money business, but their production line is information processing. Electronic Funds Transfer systems expedite this processing. As soon as more than one bank is involved, several familiar questions pop up. Is EFTS a service or a facility? Must it become a common carrier and take on all comers? Who shall own the lines? Who controls the service offerings? Who gets the profits from operation? Who sets the standards?

Department stores have traditionally offered credit. How does this differ from bank credit? Who can be kept out of where by what jurisdiction?

EFTS is a major threat to the chief non-electronic funds transfer system. Over half of the first class mail—the most profitable kind of mail—is financial: bills and payments. What will happen to the United States Postal Service if these vanish into wires? Who will subsidize the remaining money-losing services? Should the Post Office fight back with reduced rates for utilities? Should it fight back by forbiding EFTS as a violation of the Private Express Statutes? Should it levy a surcharge on these transactions, just as it does on courier services?

A more general question: Should the Post Office offer a competitive service over wires? If so, should it compete as well with electronic transfer of other traditional postal business such as messages? How do we distinguish between such an effort and an operation already in existence, known to the world as the telephone system?

The existence of computer data banks draws in another set of industries. Data banks supply information. Newspapers, books and broadcast stations supply information. We can show you cases where each of these industries is competing in a big way with each of the others. They are using all the traditional weapons, including lawsuits, lobbying and pushing special interest legislation.

The media, including newspapers and magazines, depend on the regulated postal rates and services and on communication rates and services, and are increasingly competing with electronic media. The regulated TV and radio broadcasting industries are the most familiar electronic media. In the cloudy arena between broadcasting and compunications stands cable television, which is regulated by the FCC but not explicitly covered by federal statute. The doctrines governing CATV are unsettled and, since cable television competes with movie theatres and with both broadcasting and compunications industries, its ultimate fate is far from clear.

Then there is the so-called war between AT&T and IBM. We believe that this will break out on many fronts in addition to the ones now visible, such as the Dataspeed 40 conflict and the appearance of Satellite Business Systems. There are many vigorous, successful organizations from diverse traditional industries who now find themselves in the same market for compunications facilities or services.

CHANGING CONSUMERS AND CONSTITUENTS

What may be the most significant phenomenon now becoming manifest in the information resources arena is the growing importance and diversity of the individual consumer market for compunications.

Until now, computers were largely an industrial product made for the corporate market. The telephone system, though geared to individual consumers, has supplied them mainly with a single homogeneous service, namely connecting up plain old telephones.

The seeds of change are already sprouting. I need only mention the hand-held calculator which, in versions costing less than ten dollars apiece, has become cheaper than hard-cover books. It is rapidly finding its way into the hand of every business man and every student in the country and conditioning them to use these electronic tools in isolation or as terminals linked up to a more powerful distant facilities.

CB radio is a significant example, not because radios have not been widespread before, but because unlike previous radio and television, CB enables as active exchange where the listener talks back.

In hand-held caluculators and CB radio we have, for the first time, computers and broadcasting as tools under the control of masses of private individuals, rather than as industrial or passive devices.

The Touchtone® dials and the ping-pong games attached to television sets may be forerunners of a wider variety of home terminals. The computer kits costing a

few hundred dollars that hobbyists all over the country are building for themselves, the ubiquitous Xerox machines and soon the microprocessor, i.e. the small computer-on-a-chip embedded in everything from cars to stoves to telephones or other terminals, may open up opportunities for the public of individual consumers to use a hitherto undreamt of variety of information devices, many of them intercommunicating with others.

Where the general public will see its future interests as consumers and as constituents is thus a large and open question.

THE STAKES—ECONOMIC

Only recently have observers begun to break the compunications (often called "information") functions out of their various industries and look at them together. The findings are staggering. Over 50 percent of the work force appear to be doing it, regardless of where they stand in the Standard Industrial Code. Their activity accounts for at least 20 percent of the GNP, closer to 50 percent by some reckonings. Without compunications, organized activity grinds to a halt. The power to compunicate is a strategic strength of an individual, a company or a nation. Its absence is a strategic weakness. This is the meaning of our Program's title words "Information Resources".

It looks to us as if several very different industries are poised over this pie and ready to start carving. These include the telephone, computer, electronics and postal industries as the strongest. In it as well, and probably willing to make unprecedented alliances are broadcasters, newspapers, magazines, databanks, advertisers, book publishers and maybe even airlines, railroads and banks. The boundaries among them are unlikely to be settled by anything so short term as the efforts of the present commissions on EFTS and the Postal Service.

THE STAKES—HIGH POLITICS

Aside from the questions of changing markets and boundaries around industry turfs, the world's increasing dependence on compunications technologies gives rise to a number of strategic concerns.

Within the last year or so, there have been reports of Soviet eavesdropping on the telephone conversations of Americans at home and of Soviet testing of antisatellite systems. In a speech last June, Nelson Rockefeller warned people that, and I quote, "It is tragic to think . . . that we have already reached the stage where the slogan should be 'if you don't want it known, don't use the phone'." Satellites are important as national means of verification of arms agreements. They are vital links in the chains of command and control not only of military forces but, increasingly, of the corporate world, especially of the banking world. This underscores the vital stakes in the international field of information. The upcoming 1979 World Administrative Radio Conference will determine who gets how much of the limited natural resource called the frequency spectrum.

The satellite picture could become vastly more complex in the decade ahead if the Soviet Union were to develop its Statsionar satellite system to compete with Intelsat. One can only speculate about where this might lead. But if the Kremlin decided to engage in a price war with Intelsat and offered access to its satellite system through neutral countries, a number of multinational companies with heavy communications traffic might be tempted to cut costs by using the Soviet system. The day may well come when Washington will have to decide whether the U.S. should allow a vital industry like banking to become dependent on a Soviet-controlled satellite system.

The foreign policy implications of compunications—strategic, economic and political—must be dealt with in conjunction with the domestic questions of industry structure, which seem to dominate attention.

ORGANIZATION OF THE U.S. GOVERNMENT

We believe that your committee, like others in the Congress, will find that its traditional legislative jurisdiction no longer coincides with many of the key issues with which you will have to deal. Some adjustment of your own jurisdictional borders and close relationships with overlapping committees strike us as essential if the Congress is to play the role it must play in making good neighbors out of neighboring suppliers of facilities and services by placing good fences between them.

Within the Federal Communications Commission, telecommunications matters and broadcasting matters are still treated by two separate bureaus under two distinct sections of the law, as if they existed in entirely different worlds. Cable television and the cable bureau are in yet another world.

The Executive branch has not taken the lead in proposing policies regarding the future workings either of the communications industries at home or of communications policies abroad. It has responded to crises in a way as fragmented as the crises themselves. And, the communication and computer industries have taken a narrow and self-interested view, at least publicly, of the problems which they confront.

Under these circumstances, it may well be incumbent on your Committee to get ready for a long war among powerful, diverse and shifting factions. We suggest that you examine the ways in which the industries you cover are competing with industries under other jurisdiction, such as banks, the Postal Service and newspapers. Finally we urge you to prod the Executive branch and the private sector to create effective interfaces between the private and public sectors to analyze the advantages and disadvantages, from the public's point of view, of alternative placements of fences between interrelated facilities and services, and of alternative responses to challenges and opportunities from friends and adversaries abroad.

Attachments.

Attachment

HARVARD UNIVERSITY PROGRAM ON INFORMATION RESOURCES POLICY—CORE PROGRAM SUPPORT

AFFILIATES

American Can Company
American District Telegraph Company
American Telephone and Telegraph
Arthur D. Little Foundation
Bell Canada
Codex Corporation
Communications Workers of America
Computer and Communications Industry Association
Donaldson, Lufkin & Jenrette
Executive Office of the President Office of Telecommunications Policy
L. M. Ericsson (Sweden)
Federal Communications Commission
Federal Reserve Bank of Boston
First National Bank of Boston
First National Bank of Chicago
General Electric Company
General Telephone & Electronics
Harte-Hanks Newspapers
Honeywell, Inc.
IBM Corporation
International Data Corporation
International Paper Company
International Resources Development, Inc.
Interpublic Group of Companies, Inc.
Lee Enterprises
Litton Industries
Lockheed Missiles and Space Company
John & Mary R. Markle Foundation
McGraw Hill, Inc.
Mead Corporation
Minnesapolis Star and Tribune Company
New York Times Company
Nippon Electric Company
Norfolk & Western Railway Company
Payment Systems, Inc.
Pitney Bowes, Inc.
Rockefeller Brothers Fund
Rockwell International
Salomon Brothers
Seiden & De Cuevas, Inc.
Stromberg-Carlson Corporation
Systems Applications, Inc.
The Boston Globe
Time Incorporated
Transamerica Corporation
United Telecommunications, Inc.
U.S. Department of Commerce:
National Technical Information Service
Office of Telecommunications
United States Postal Service
Western Union Corporation
Western Union International, Inc.

STUDENT ASSISTANTSHIPS

American Express Company
Bank of America
Chase Manhattan Bank
William Bingham Foundation

SPECIAL PROJECTS

National Association of Broadcasters
National Commission on Libraries and Information Science
United States Congress:
Office of Technology Assessment
Senate Committee on Foreign Relations

Mr. OETTINGER. With that testimony in the record, it will help anchor today's comments to the domestic realities that bound foreign policy concerns.

As we see it, these concerns, as you have heard them expressed today and as you will hear more in the next 2 days, are over issues which our Nation—and all others—must address if we are not to slip into crisis management. The following agenda headings, which were developed by our colleague, William Read, help organize these issues so that they might be addressed.

"COMMUNICATIONS POLICY: AN AGENDA"

The first heading is "Telecommunications": the development and control of international telecommunications for individuals, for organizations, for rich nations, for poor. These are themes which Mr. Marks and Mr. Harley, in particular, addressed.

The second agenda heading, to which Mr. Colby referred, is "National Security": the use of information resources for military, for arms control, for intelligence, and for counterintelligence purposes.

Then there are those traditional information issues, which Messrs. Marks, Harley, and Colby referred to, that is, media industry structure, free flow of news, and the free flow and the privacy of business and personal information. I might add, in connection with the question of privacy of business and personal information, that repeated newspaper accounts over the last few years of Soviet intercepts of U.S. telephone conversations underscore the point of vulnerability that Mr. Colby made. Last year, in a print of the Senate's Select Committee on Intelligence Activities, a report by Dr. Richard Garwin underscored the fact that even domestic satellite communications are vulnerable to intercept not only within the United States, but abroad, including, for example, in Cuba.

The next agenda heading is what we call intermestic issues, that is, issues that straddle the international and the domestic. These are issues whose resolution in an interdependent world impact domestic issues as well as foreign. Among these are the flow of knowledge, as related, for example, to strategic export controls and to unemployment.

While the speakers who have preceded me today have stressed the importance of free flow and the need, for example, to assure that, say, American students may travel and study more widely in the Soviet Union—I believe Mr. Marks made that point—last year, the Defense Science Board issued a report here in the United States cautioning against that kind of access by foreign students to our American universities and industrial organizations as a vehicle for the transfer of critical technology. So, these questions of balancing free flow and secrecy are present, whether one looks at domestic or foreign concerns. We are not free in the United States from pressures toward restricting the flow of information.

The final agenda heading is "Organization of the United States Government," a point which Mr. Marks dwelt on; namely, how should government organize itself to formulate and to implement information resources policies.

Time does not permit my spelling out here and now all of these issues in concrete detail. With your permission, Mr. Chairman, I would like

to submit for the record Mr. Read's paper, which is entitled "Communications Policy: An Agenda." This gives some of the details as he sees them.

Senator McGovern. Without objection, that will be made a part of the record.

[The information referred to follows:]

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Donaldson, Lufkin & Jenrette
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L. M. Ericsson (Sweden)
Federal Communications Commission
Federal Reserve Bank of Boston
First National Bank of Boston
First National Bank of Chicago
General Electric Company
General Telephone & Electronics
Harper & Row
Harte-Hanks Newspapers
Honeywell, Inc.
IBM Corporation
International Data Corporation
International Paper Company
International Resources Development, Inc.
Interpublic Group of Companies, Inc.
Lee Enterprises
Litton Industries
Lockheed Missiles and Space Company
John & Mary R. Markle Foundation
McGraw Hill, Inc.
Mead Corporation
Minneapolis Star and Tribune Company
New York Times Company
Nippon Electric Company
Norfolk & Western Railway Company
Payment Systems, Inc.
Pitney Bowes, Inc.
Polaroid Foundation, Inc.
Reuters, Ltd.
Rockefeller Brothers Fund
Rockwell International
Salomon Brothers
Seiden & De Cuevas, Inc.
Southern Pacific Communications
Stomberg-Carlson Corporation
Systems Applications, Inc.
The Boston Globe
Time Incorporated
Transamerica Corporation
United Telecommunications
U.S. Department of Commerce:
National Technical Information Services
Office of Telecommunications
United States Postal Service
Western Union Corporation
Western Union International, Inc.
Xerox Corporation

STUDENT ASSISTANTSHIPS

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SPECIAL PROJECTS

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National Science Foundation
United States Congress:
Office of Technology Assessment
Senate Committee on Foreign Relations

HARVARD UNIVERSITY PROGRAM ON INFORMATION RESOURCES POLICY

EXECUTIVE COMMITTEE—1976–77

Chris Argyris, Schools of Education and Business Administration, Professor of Education and Organizational Behavior.
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John R. Meyer, School of Business Administration, 1907 Professor in Transportation, Logistics and Distribution.
Arthur R. Miller, Law School, Professor of Law.
Anthony G. Oettinger, Director, Program on Information Resources Policy, Professor of Applied Mathematics and of Information Resources Policy.

Communications Policy: An Agenda

(By William H. Read)

Forty three years ago the U.S. Congress enacted legislation that still stands as the nation's basic statement of communications policy. In the Spring of 1977 both the House and the Senate Subcommittees on Communications inquired whether the Communications Act of 1934 ought to be updated.

An initiative for rewriting the law came from the American telephone industry. AT&T and the country's 1600 other phone companies have opposed the recent arrival of rivals who entered the market as a result of decisions by the Federal Communications Commission. Since the Courts generally have found that the procompetition rulings of the FCC were within the scope of existing, if dated, law, the telephone industry has sought to have Congress change the law.

Whether competition or monopoly in the telephone business better serves the national interest is a question not easily answered. Preliminary hearings were held in the Fall of 1976 by the House Subcommittee. After two days of testimony, Representative Louis Frey Jr. said, "We know we have a good [telephone] system and nobody wants to destroy it. After that, nobody agrees on anything."

At the heart of this disagreement is the fact that we've begun to live in a new world of communications.

Computers connected by telephone lines have suddenly, or so it seems, become commonplace. And applications are worldwide. Satellite and undersea circuits enable major U.S. banks to operate globally, with their computer-communication networks stretching from the haven of "freeports" like Nassau to virtually every financial center in the world. The same combination of technology is being used by *The Wall Street Journal* to publish an Asian edition in Hong Kong.

What appears to have moved us out of the old world of basic black telephones is an interplay between the rise of electronic technology on the one hand, and the information needs of society on the other. New computer and communications tools like "on-line" data banks have proliferated because the technology was available and because credit card companies, among others, required systems to instantly store and retrieve customer information.

For policymakers one of the great difficulties of the new communications world is the speed with which changes keep occurring. During the first five days of 1977 the FCC received more applications for licenses to operate citizen band radios than that government unit had received in all of 1973.

The CB boom follows in the footsteps of television, computers, Xerox machines and satellites—all of which appeared suddenly and all of which came into widespread use in the short span of years since Congress wrote the Communications Act of 1934. By comparison, more than three hundred years elapsed between the invention of the printing press and the next breakthrough in communications technology, the electrical telegraph.

A consequence of this continuing high rate of communications change is that before either social and economic impacts are fully understood or before sensible public policies are formed, the quality or our lives is affected.

One of the best examples was given by Nelson Rockefeller. While investigating the CIA he learned that foreign agents had acquired and now are using high communications technologies to invade the privacy of Americans. "It is tragic to think", remarked the former Vice President in a speech before he left office, "that we have already reached the stage where . . . if you don't want it known, don't use the phone."

The message from all this is clear: The new communications world is here and along with its benefits for some also may come losses for others.

What is less clear, however, are answers to several questions. By what rules will we live in this new world. Who will make those rules? And, above all, what will be the agenda of issues that rulemakers will have to address?

The purpose of this short paper is to identify and briefly comment on those communications policy issues that are now at hand. Taken together with the issue of competition versus monopoly in Telecommunications, they comprise a national communfcations policy agenda for the United States.

This agenda is politically, and bureaucratically, and institutionally "messy". Issues tend to cross jurisdictional lines. Often an issue is neither purely domestic nor purely international, but it fits into a category that may be called "intermestic", to borrow a word from Bayless Manning.[1]

To draw further on Manning's thought, what we may be facing with respect to the items on the communications policy agenda is the same situation that has confronted Washington with respect to food, monetary, and energy policy. It is the all too familiar pattern of a single issue making a "headline" appearance. Next the overall complexity of interrelated issues is rather painstakingly revealed. Then the government discovers that it is inadequately organized to formulate and implement policy in a coherent fashion.

This kind of mismatch has yet to occur in communications with the force of, say, energy. At the moment, communications policy issues are at the pre-crisis, if not altogether at the pre-headline, stage. So government has some lead time.

How should that time be used?

The trick, of course, is for government to perceive early enough just what the country's stakes are in communications policy (and then to act with prudence, not panic). Doing that is not terribly easy. Due to the natural tendency of Washington to view policy (communications or otherwise) from established perspectives, it too often is learned too late that conditions have changed. When such a situation develops traditional perspectives suddenly appear to be inadequate, or worse, outmoded. The now discarded, but once well established, energy perspectives of "cheap" and abundant" are but two examples

In an attempt to illuminate more clearly just what is at stake for the U.S. in communications policy, this paper presents an agenda with little reference either to established perspectives or to the institutions that embody them. The list therefore may appear disjointed or disorderly to some. Yet the items on the list have a conceptual coherence. They are bound together in much the same way that beneath the word "energy" exists a diverse assortment of issues that once seemed unrelated too.

Some are what might be called "ripening" issues like two disturbing activities of the Soviet Union—Soviet eavesdropping on telephone conversations of Americans at home and Soviet testing of "killer" satellites.

Some are "traditional" issues like the structure of the American television industry, or the place of the U.S. postal service in the scheme of national communications.

Some issues appear rooted in "new technologies" like electronic funds transfer systems and the use of communications satellites to aid the economic and social development of poor countries.

Finally, comes an issue as old as politics itself, for this is the difficult question about how government should organize itself to formulate and implement sensible communications policies.

Together these issues form a communications policy agenda now before the country.

TELECOMMUNICATIONS

Debate over the telephone companies' proposed "Consumer Communications Reform Act" has served to amply reveal how critical telecommunications policy is to that $35 billion a year American industry.[2] And the debate, in turn, has focused at times on the relationship between telecommunications and overall economic affairs at home. The stakes the United States has in international telecommunications are high, too.

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[1] See Bayless Manning, "The Congress, the Executive and Intermestic Affairs", *Foreign Affairs*, January 1977, Vol. 55, No. 2, pp. 306–324.

[2] See Milton R. Benjamin and William H. Read, "Ma Bell Fights for her Monopoly", *The New York Times Magazine*, November 28, 1976, p. 33.

The travel industry's needs for reliable international telecommunications are evident: modern airline, hotel and automobile rental chains could not exist in their present form without a worldwide reservation system. But other American businesses have a more subtle—but even more critical—dependence on information flows via telecommunications. One of the best illustrations of the U.S. economic stakes in the international flow of information is the case of America's multinational banks.

During the past decade, international banking has expanded rapidly. American banks, which had about 130 branches overseas in 1960, have more than 700 branch offices around the world today. International banking, moreover, has become an increasingly important part of many American banks' total operations. The foreign assets of the 20 U.S. banks most heavily engaged in multinational banking account for one-third of their total assets. But despite the growth of international banking, Androw F. Brimmer noted in testimony before the House Banking Committee in December 1975 that "the basic regulatory framework governing the foreign activities of American banks has remained essentially unchanged since 1919."

But while the body of law remainded unchanged, the banking business itself was changing dramatically. No longer was it satisfactory for the bulk of the international payments transaction traffic of banks to be handled by mail. Money now could be expressed as an information symbol, and transferred from one bank's computer to another bank's computer by leased wire.[3]

In 1973, sixty-eight American and European banks formed the Society for Worldwide Financial Telecommunications (SWIFT) to improve their method of transmitting international payments messages. At a series of crucial meetings, these banks decided to set up a computer/communications network that by 1978 was expected to be processing some 300,000 financial trasactions each day.

Even as the Swift network was being organized, the U.S. bank most heavily involved in foreign banking, Citibank, was setting up a new communications network of its own. With 50.9 percent of its total assets held in foreign branches, the very nature of Citibank's business requires that it be able to transmit data from one area of the world to another quickly. Hence, it put into operation GlobeCom—which links Citibank's branches in 79 cities by teleprinter, 24 hours a day, over leased private lines that pass through computer switches in London. Bahrain, Hong Kong, and New York. This new system, says Citicorp Vice President Barry Young, "can make the difference between getting a decision or completing a transaction today, rather than tomorrow—or Monday." And that capability, he adds, "can make the difference between profit or loss."

As American banks become increasingly dependent on this computerized flow of information across international borders, a key foreign policy consideration for the United States becomes the safeguarding of its banks' lifelines. "Swift is a vital step in the process of international electronic funds transfer", says Laurence E. Wadman Jr., Second Vice President of Chase Manhattan Bank. But Swift also is a source of vulnerability. Computer switching centers constitute another squeeze point. Recognizing this, Swift opted for twin switching centers situated in two different countries—Belgium and the Netherlands. Both are presently considered politically stable, but the implications for America's banks if a foreign government decided to interfere with its information lifeline is a subject that merits U.S. government consideration.

Nor is banking's concern over its information lifelines limited to protecting leased wires and switching centers. With Citibank considering experimenting with direct communication via satellite between its New York headquarters and its London branch, the availability of frequencies for satellites also looms as a key issue. Yet even as international banking by satellite appears technically feasible, the the United States faces a round of worrisome negotiations on allocations of frequencies at the forthcoming World Administrative Radio Conference. The meeting, to be held in Geneva in 1979, will be under the auspices of the International Telecommunications Union—another U.N. forum passing out of Western control.[4]

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[3] For a fascinating look at multinational banking, see a two-art series in *The New York Times*, "Growing U.S. Bank Role in Bahamas Causing Concern", March 3, 1977, p. 1, and "Citibank Found to Lead in Shift to Tax Havens", March 4, 1977, p. 1.

[4] See William H. Reac, "Coming: A Law of Communications Conference", Working Paper W–77–2, Program on Information Resources Policy, Harvard University, Cambridge, Mass., April 1977.

The communications satellite question, moreover, opens up a whole new range of issues with foreign-policy ramifications. The satellite picture could become vastly more complex in the decade ahead if the Soviet Union were to create a global telecommunications satellite system to compete with Intelsat. One can only speculate about where this might lead. If the Kremlin decided to engage in a price war with Intelsat and offered access to the Russian Statsionar satellite system through neutral countries, a number of multinational companies with heavy communications traffic might be tempted to cut costs by using the Soviet system. The day may well come when Washington will have to decide whether the U.S. should allow a vital industry like banking to become dependent on a Soviet-controlled communications satellite system.

That day, of course, is not yet here. But to assume that non-technical questions of telecommunications policy can be neglected much longer is a mistake. The potential foreign-policy implications—strategic, economic, political—are too great.

NATIONAL SECURITY

Recent investigations of the U.S. intelligence community have led to a series of revelations about the impact of advanced communications technologies on national security. In its final report on intelligence activities a special Congressional committee chaired by Senator Frank Church reported that "the SALT negotiations and treaties have been made possible because technological advances made it possible to accurately monitor arms limitations, but the very technology which permits such precise weapons monitoring also enables the user to intrude on the private conversations and activities of citizens.[5]

One such use of such technology is by agents of the Soviet Union who eavesdrop on telephone conversations of Americans here at home. KGB monitoring of telephone conversations within the U.S. itself was publicly disclosed by a Chicago newspaper. A "Facts on File" summary of the disclosure reads as follows:

The *Chicago Tribune* reported June 22 [1976] that the Soviet Union had put into effect a massive operation to monitor, record and identify private phone calls within the U.S. The Soviets had long possessed the technology necessary to intercept microwaves, which were used in the U.S. to transmit 70% of all long distance telephone calls, but had only recently developed the computer technology required to separate the conversations and identify the calls, the *Tribune* said.

The disclosure, according to the *Tribune*, had prompted investigations by the White House and congressional committees to determine how much information was being gathered, how it was used and what if anything, was being done by U.S. intelligence agencies to stop the monitoring the KGB, the Soviet security police.

The newspaper indicated that the information had been disclosed in testimony to the Rockefeller commission during its probe of domestic U.S. intelligence, but that the testimony had been heavily censored from the commission's final report for reasons of national security.

Although the Rockefeller commission apparently decided against releasing details about KGB monitoring, the former Vice President did however discuss the issue on June 9, 1976, in a speech to a group of broadcasters. Rockefeller's words were these:[6]

"As the CIA Commission I headed for the President reported, Communist countries 'have developed electronic collection of intelligence to an extraordinary degree of technology and sophistication.' 'Americans have a right to be uneasy if not seriously disturbed at the real possibility that their personal and business activities which they discuss freely over the telephone could me recorded and analyzed by agents of foreign powers', the Commission noted.

"The Commission's findings pertain not only to national security and other vital governmental information, therefore, but also electronic intrusion in the business and private lives of American citizens. This is not only possible, but it is being done. Microwave transmissions are wholly susceptible. Information so

[5] U.S. Congress, Senate Select Committee to Study Governmental Operations with respect to Intelligence Activities, *Final Report*, Book I: Foreign and Military Intelligence, Report No. 94-755, April 26, 1976. (Washington: U.S. Government Printing Office), 1976, p. 10.

[6] Excerpted from "Remarks of the Vice President at the National Broadcast Editorial Association Annual Meeting, Mayflower Hotel, Washington, D.C., June 9, 1976", news release from the Office of the Vice President, June 9, 1976.

recorded can be stored and analyzed through computer technology for myriads of usages all deeply disturbing.

"This technology, of course, is not limited in its availability to foreign agents or governments. It is obtainable here at home by elements who have little or no respect for the law and American legal protections for individuals.

"Obviously, such devices and equipment can involve wholesale invasion of privacy, in the hands of organized crime, of those who seek to steal information from their competitors, or those who seek to get information for purposes of blackmail, hi jacking or terrorist activities. The President is deeply concerned about this problem and is taking steps to reduce the vulnerability of our telecommunications system.

"But all Americans, whether private individuals, public officials, professionals, businessmen, citizens in all walks of life, should be aware of their vulnerability to the recording of their telephone conversations or transmissions of secret defense plans by teletype, or even the recording of microwave intercommunication of computer data. It is going to be extremely difficult to devise methods to protect the privacy of these communications.

"It is tragic to think, as someone has suggested, that we have already reached the stage where the slogan should be: 'If you don't want it known, don't use the phone.'"

Following Rockefeller's speech no further discussion of this matter appeared in the public record, so far as is known, until after the change of Administrations occurred in Washington. Then in April 1977, an Atlanta newspaper reported that "President Carter has approved a top-secret project to determine what action the government should take to prevent Soviet spies from gaining access to American industrial secrets and sensitive trade information . . . [by] eavesdropping on long-distance telephone conversations within the United States."[7]

Besides what to do about Soviet electronic eavesdropping, there is another leading security issue—the survivability of U.S. military satellite systems.

The U.S. armed forces have been in the vanguard in applying advanced communications technologies. In particular, the military view is that communications satellites provide excellent platforms for surveillance sensors, for communications relay, and for navigation signals. For a host of reasons, not the least of which is that satellites are relatively inexpensive, the Pentagon has become enamored of this technology. Indeed, it may be argued that the military is becoming dangerously dependent on communications satellites.

The danger became apparent during 1976 when the Soviet Union resumed testing antisatellite devices, known as "hunter" or "killer" satellites. Shortly after the third test was conducted, Dr. Malcolm R. Currie, who then directed the Office of Defense Research and Engineering, issued a blunt warning: "They have started down a dangerous road. Restraint on their part will be matched by our own restraint, but we should not permit them to develop an asymmetry in space."[8] In fact, absolute restraint was not shown by either side. Before the year had ended the Russians conducted yet another test of a satellite interceptor. The test followed disclosure that the U.S. had taken tentative steps both to develop a satellite destruction program of its own and also to experiment with ways of "hardening" military satellites to a level sufficient to withstand anything but a "dedicated" attack.[9]

While space warfare has long been a fond topic of science fiction writers, it is deadly serious business for the United States now. Present and future SALT agreements rely on "national technical means of verification" that are not interfered with by the opposing sides. Yet, despite mutual pledges of noninterference, a familiar action-reaction syndrome may have begun with respect to communications satellites.

Perhaps in recognition of this, President Carter has suggested to the Soviet Union that both sides "forego the opportunity to arm satellite bodies and also to forego the opportunities to destroy observation satellites." In his news confer-

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[7] *Atlanta Constitution*, "Wired Spies—Top-Secret Plan Hopes to Halt Soviet Access to Private Calls" by Charles Osolin, April 3, 1977, p. 1.

[8] The warning, in a speech at an Air Force Association symposium in Los Angeles, was reported in *Aviation Week and Space Technology*, Aug. 2, 1976, p. 24.

[9] The Soviet test was reported by the Associated Press in a dispatch based on "U.S. Intelligence Sources," Dec. 30, 1976. For a background report, see Lawrence Freedman, "The Soviet Union and 'Anti-Space Defense'", *Survival*, January/February 1977, pp. 7–F—12–F.

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ence of March 9, 1977. Carter indicated he was awaiting a response from Moscow on this issue.

TRADITIONAL ISSUES

The previous discussions of *telecommunications* and *national security* were about relatively recent additions to the nation's communications policy agenda. There are some more traditional concerns.

For network television the time for asking policy questions may again be at hand. The latest—and potentially one of the most serious—challenges to ABC, CBS, and NBC has come from the U.S. Department of Justice. In November 1976 the Department's anti-trust division called for the first comprehensive examination of network television in more than 20 years. In support of a petition by the Westinghouse Broadcasting Company, the Justice Department urged the Federal Communications Commission to conduct a "broad investigation into network structure, power and affiliate relationships."

For print media policy questions are just as real, although the policy focus is not as sharp since the affairs of these media are not aired in a single forum like the FCC.

Since the mid-1960's the print industry has been characterized by technical change, mergers and acquisitions, and rising costs. Each gives rise to policy questions. The provision of advanced telecommunications technologies involves government regulation; mergers raise the spectre of antitrust action; and rising costs prompt consideration of subsidies (e.g., postal subsidies).

No issue, however, is more important than the debate over the role of newspapers in American society. This debate often revolves around the question of whether the United States needs a national press council. What underlies the issue are concerns about the responsibilities of the press, and these are coupled with discussion over journalistic trends—"advocacy", "alternative", "underground" and the revival of investigative reporting. At another level is the traditional First Amendment issue over press freedom. Above all, is the question of eroding public trust. Citizens expect their newspapers to cover both sides of a controversy in a fairly balanced manner, yet few people believe that newspapers do so. Mounting distrust is revealed in an ongoing survey by the Roper organization. It found that between 1959 and 1972 one-third fewer people selected newspapers as the medium most people would be inclined to believe. And recent Gallup surveys indicated a basic distrust in newspapers by half the people questioned.[10] From this situation has come the debate over whether the United States needs a national press council.

While that issue brews in some quarters, policy questions of another sort that could affect the future of American publishers arise elsewhere.

In the province of those who make national postal policies is the matter of electronic funds transfer, or EFT systems. These systems, it would seem, have the potential to directly affect the post office and, in turn, to indirectly affect publishers and broadcasters too.

What EFT systems do is to facilitate the transfer of money by allowing computers to exchange financial data over telephone circuits. Big banks contend that they must find more cost effective ways to handle a massive number of checks that flow through the mail. A technical solution is EFT. The potential for these systems is great since financial transactions, like the monthly payment of utility bills by heads of households across America, account for an estimated one-half of all first class mail. Already some six million monthly payments by such government check writing agencies as the social security administration are made by EFT instead of being sent by mail.[11] But what may seem to be a good technological opportunity for some check writers may not necessarily be good for others.

Assume for a moment that EFT systems proliferated and thereby precipitated a sharp decline in first class postal revenues. Would that decline adversely impact other postal rates? If so, who—as a matter of public policy—should bear the loss? Print media like *The Wall Street Journal* and *Time* who now benefit by using preferential second class postal rates? Or should government policymakers allocate the loss to advertisers who now enjoy the relatively low rates of

[10] See "Note on the Newspaper Industry," Harvard Business School, 4–376–082, Cambridge, Mass., 1975, pp. 20–21.

[11] See "Postal Service and Electronic Transfer", *The New York Times*, March 10, 1976, p. 48.

third class postage? And, however the loss is distributed, will a secondary effect be a shift of even more advertising dollars into broadcasting, thus creating additional pressures for a fourth network? And what impact would a fourth network have on the structure and the performance of the American television industry?

The point is that an incipient condition of "intertwining" among communications industries is forcing new kinds of issues onto the nation's traditional communications policy agenda.

INTERMESTIC

The concept of an "interdependent" world brings with so-called "intermestic" [12] issues and the agenda of an interdependent world contains issues whose resolution can have a profound impact upon domestic interests in the United States. No exception is made for the area of communications policy. One clear illustration lies in the U.S. government's effort to safeguard its strategic capability through export controls. A Defense Department Task Force has warned that the CoCom restraints on the export of goods no longer really get at the heart of the problem. "Design and manufacturing know-how", the report concluded, "are the key elements for control of a strategic technology".[13]

Controlling the export of knowledge, however, would appear to open a Pandora's Box of communications policy-making problems. The Pentagon Task Force, for its part, recommended setting up new mechanisms for "monitoring and controlling" strategic information flows. But examining just a few of its proposals, one is left with a welter of moral, political, not to mention practical, questions:

How would the U.S. monitor and control "the use of U.S. citizens as consultants for key technologies by Communist countries?

How would the U.S. monitor and control "the participation of U.S. citizens as principals in firms established outside the U.S., and engaged in transferring embargoed technology and products to Communist nations?"

How would the U.S. monitor and control "the training of citizens from Communist countries at the more significant laboratories of U.S. technical institutes and universities?"

Sharpening the focus of this dilemma, should the United States be rethinking the entire concept of its exchange-student program? Foreign students studying at U.S. universities are certainly acquiring knowledge that will be invaluable in the Third World and Fourth World Manhatten Projects of the late 20th Century. Should the U.S. attempt to shut off this flow of information? To all countries? To which countries?

To some, the flow of knowledge may not seem to be a communications policy issue. Yet it is. Conceptually, the issue is the same as the recently revived question of whether Western news media should be allowed to freely move their news and other information across international border. Both are issues that spring from the content of communications. These issues may be contrasted with those on the other side of the communications coin, namely conduit issues like whether rich countries of the world should fund telecommunications development programs for poor countries.

ORGANIZING

Taken together, the foregoing issues suggest a final question: How should government organize itself to formulate and implement communications policy? Clearly the present policy process is inadequate.

On major domestic issues before it, the Federal Communications Commission has become a waystation to the Federal Courts (and the courts, in turn, became a waystation to the Congress for the telephone industry).

On major international issues, the Department of State plays a titular role: the FCC, a domestically oriented regulatory agency, has the greatest amount of real authority on international telecommunications; the Defense Department and the intelligence community are the leading actors on security communications issues, and issues like know-how transfers and free flow of news have been in limbo.

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[12] Manning, op. cit.

[13] See "An Analysis of Export Control of U.S. Technology—A DOD Perspective", A Report of the Defense Science Board Task Force on Exports of U.S. Technology, U.S. Department of Defense (DDR&E), Washington, February 4, 1976.

Of course, there have been efforts aimed at improving the policy process. These include creation of the Office of Telecommunications Policy and the formation of special study groups like President Johnson's Task Force on Communications Policy and the more recent Report on Information Policy by the Domestic Council's Privacy Committee. The overall record, however, suggests that the issue of how the federal government should organize itself to make effective communications policy remains unresolved.

Perhaps this issue should be placed at the top of America's communication policy agenda.

QUESTION OF GOVERNMENT ORGANIZATION

Mr. OETTINGER. I will limit myself now to the last item, the question of Government organization, and will perhaps amplify on some of the concerns that Mr. Marks expressed.

If the testimony of the other witnesses today and in the forthcoming days of these hearings persuades you of the seriousness and the importance of the substantive issues, then we think that you will find that the Government is poorly equipped to address these substantive issues.

A principal reason for this is that within each of the agenda headings that I have listed, and across them, the issues are so intertwined as to cross the traditional boundaries between not only domestic and international but between public and private, or between civilian and military issues or, for example, between the jurisdictions of the Senate's Commerce Committee and that of your own Committee on Foreign Relations.

I think that Mr. Colby illustrated that point in talking not only about the Government's own tasks, the traditional responsibilities of the Government, but also the Government's responsibility to represent, protect, and promote private use of information resources, and in his point that national security is no longer narrowly a military or diplomatic matter, but is also very broadly political, economic and social.

This fact, and the crossing of traditional jurisdictional and agency boundaries, traditional divisions such as domestic and international, and so on, is what I think lend the difficulty to this problem of finding an organization within the Government to come to grips with the issues that have been described here today.

Let me try to illustrate that concretely with one specific example mentioned earlier, one of the important civilian multinational uses of telecommunications facilities and other information facilities as well.

Banks are in the money business, but their production line is information processing. When you walk into any bank, whether it has clerks or computers, what they are mainly doing is processing-information. Electronic funds transfer systems expedite this processing. As soon as more than one bank is involved, a whole host of familiar questions pop up. Is electronic funds transfer a service or is it a facility? Must it become a common carrier and take on all comers? Who shall own the lines? Who controls the service offerings? Who gets the profits from operation? Who sets the standards? Which national bodies? Which bilateral or multilateral agreements? Which international organizations?

These are not speculative questions, any more than these questions about Third World news agencies or access to news in Third World

countries are. To the contrary, these are questions already being faced today by the free world's banking community as it moves to establish international electronic banking networks.

ELECTRONIC FUNDS TRANSFER SYSTEMS

EFTS [electronic funds transfer systems] is also a major threat to the chief nonelectronic funds transfer system; namely, the postal services both in the United States and abroad. Here in the United States, over half of the first-class mail, which happens to be the most profitable kind of mail, deals with financial matters such as bills and payments. What will happen to the U.S. Postal Service if these kinds of mailings vanish into wires? Who will subsidize the remaining money-losing services? Should the Post Office fight back with reduced rates for major billing industries? Should it fight back by forbidding EFTS as a violation of the private express statutes? Should it levy a surcharge on these transactions, just as it does now on courier services?

A more general question is, should the Post Office offer a competitive service over wires? If so, should it compete as well with electronic transfer of other traditional postal business, such as ordinary messages? How do we distinguish between such an effort and an operation already in existence, known to the world as the telephone system?

How will these issues be handled by the Government monopolies that run the post, telegraph, and telephone services abroad? Will their way of handling them be compatible with ours? Will there be compatibility across borders? On whose terms will compatibility and flow be established? For whose trade or military advantage?

Domestically alone, these matters cut across the jurisdictions of multiple Federal and State banking regulators, the Federal Communications Commission, the telecommunications regulators in 50 States, and the U.S. Postal Service and the U.S. Postal Rate Commission. Multiple private interests have stakes in them. Internationally, the mixed public-private supplier-consumer interests in the United States are finding it increasingly difficult to work among themselves and through the Department of State to develop a "U.S. position" in bilateral or multilateral negotiations with other countries or in such international bodies as the International Telecommunications Union. This is a point that Leonard Marks has already underscored.

All I've said about postal and telephone services touches on only one example in only one industry, the banking industry. There are many other examples in nearly every other sphere of civilian commercial, economic, and social activity affecting organizations and individuals and there are examples in every part of the U.S. Government—military, intelligence, foreign trade, et cetera.

U.S. GOVERNMENT ACTIONS

How should the U.S. Government act in these circumstances? I have a set of questions about that. Like Mr. Marks, I am afraid that I have no answers to offer at this time. But here are some of the questions.

Can the U.S. Government create the organizational instruments to identify issues, to develop policy alternatives, and to take appropriate action on the long-term opportunities and dangers inherent in the

rapid changes in information industries? You have heard about some of those this morning, and you will hear more in the next 2 days.

Can the U.S. Government deal with the complex issues involved by considering inputs from diverse interests? I stress that because this is not a matter that one agency, or for that matter one committee of the Congress, can handle when in the United States alone the interests, public and private, involved, are simply too diverse. But can this be done? Can these diverse interests be accommodated without developing a rigid bureaucratic structure?

Finally, can the Government actively establish an international information resources policy before it must react to a global information resources crisis like the energy problem?

I suggest, sir, that a first step in addressing these questions is to examine how the Government is now organized to establish and execute policies in this area. We have heard this morning that there are some 40 agencies involved in this. The number may turn out to be 20, it may turn out to be 60, but it is likely to be a large number. For example, what are the roles today of the Defense and the State Departments in this area? How do these organizations interact? Where do regulatory bodies, such as the FCC, fit into this organizational pattern? Where, also, do international organizations, such as ITU and Intelsat, fit?

GOVERNMENT'S ABILITY TO ACT

Second, this organizational pattern must be analyzed to assess the Government's ability to act on a rapidly changing communications environment. I stress "rapidly changing" because it is this dynamic character which is another aspect of what makes the problem so difficult. Working out solutions to yesterday's problems will simply be of no help. The situation is changing too rapidly, and what was true yesterday will simply not be true tomorrow. But today, in what areas is the Government especially responsive or especially weak? Why is this so? For example, what are the organizational bases of the Government's characteristic response patterns? What is the impact, for example, of the State Department's stress on geographical rather than functional organization for its attentiveness to the strategic significance of global information resources? What are the structural problems that confront Government information agencies? What are the areas in which overlapping mandates create jurisdictional conflicts of the type that Mr. Marks has illustrated in his testimony?

ALTERNATIVES TO ALLEVIATE EXISTING PROBLEMS

The final step, I think, in addressing these questions is to propose alternatives to the current situation that might alleviate existing problems. How can agency structures and/or processes be modified to facilitate monitoring a changing information resources environment? I stress monitoring because we have seen, certainly on the domestic scene, a great deal of premature regulation without much understanding of what it was that was being regulated. It seems to me that it is exceedingly important for the Government to develop a mechanism for monitoring, keeping itself informed, keeping an eye on development, and being prepared to act, though not necessarily acting prema-

turely and restrictively. The cable television area is one with which I am particularly familiar, not only as a scholar, but as a regulator. In Massachusetts, as Chairman of that State's Cable Television Commission, I am charged with enforcing a law that was written at a time when nobody understood what the industry was that was being regulated, an industry which had the misfortune of being regulated before it even was born. It seems to me that there is a danger in premature Government regulatory or directing kind of intervention, as much as there is at the other pole in the kind of not-so-benign neglect that this area of information resources finds itself under today.

In seeking ways to monitor and stay on top of this situation, and being prepared to act when necessary, how can structures and/or processes be modified to encompass the kind of complexity that we have outlined here of the interests that comprise the information resources environment, and yet still allow for rapid and effective decision-making when it is indeed required?

What organizational alternatives exist to prevent decision-making on global information resources from deteriorating into crisis management?

These, Mr. Chairman, we believe are the critical questions for your agenda.

[Mr. Oettinger's prepared statement follows:]

PREPARED STATEMENT OF ANTHONY G. OETTINGER AND JOHN C. LEGATES

Mr. Chairman, my name is Anthony Oettinger. I am a professor at Harvard University, where I am also Chairman of the Program on Information Resources Policy. Here with me is Mr. John LeGates, Director of the Program.[1]

Quietly and, for most people, imperceptibly, the world has entered what some call an "Information Age." Once this was purely an academic concept. Several years ago, my colleague Daniel Bell noted that just as steam and electrical energy have enabled agrarian societies to industrialize, information today is the transforming resource of a new age. No longer purely academic, this concept is now echoed in advertisements by IBM and discussed in banking trade journals.

What does being in the "Information Age" mean to our foreign policy? The witnesses who've preceded us today and those who will follow are expressing concerns about information stemming from their experiences in government and business. Some are concerned with traditional information products like American magazines which circulate abroad. Others are concerned with information hardware in terms of import and export of telephone, computer, television and other electronic equipment. Still others are concerned with computerized information networks which are a key to global operations, most notably for multinational banking but also for every other kind of transnational enterprise.

Distilling from such experiences, we've come to see that in the "Information Age" the world is beginning to rely on information as a basic resource. Like energy and materials, information is a fundamental resource on which is based the well-being of every individual in every nation.

Let me illustrate the role of information as it relates to that condition of international affairs known as "interdependence."

Just twenty years ago, very little information flowed between the United States and Europe by telephone. The reason is simple: it was not until 1956 that the first transatlantic telephone cable came into service, replacing the unreliable and costly radiotelephone. That first cable had about fifty circuits. The newest transatlantic cable, which came into service in 1976, has 4,000 voice-grade circuits. In all, we now have six transatlantic telephone cables, and they, together with satellites, can provide up to 18,000 circuits between this country and Europe. In the short span of twenty years, we went from scarcity

[1] Biographies appended.

to abundance in telecommunications across the Atlantic. What is significant about that rapid rise is not merely the technological achievement; the fact is that those thousands of circuits have enabled the flow of information between Europe and America by telephone alone to change from a trickle to a torrent, from calls both ways in 1956 to 7,100,000 calls in 1970, and 24,500,000 in 1975. The financial data of multinational banks flow through those circuits. The technical information for operating nuclear power plants built by American firms abroad flows through those circuits. The command and control instructions of the oil companies flow through those circuits. In sum, the interdependence of America and Europe is fostered by the flow of information through those circuits.

What we see in examples like this is a growing dependence on "information resources." What that dependence means—domestically, internationally—is the question that the Harvard Program on Information Resources Policy has geared itself up to address since it was stablished four years ago.[2]

Last year, we had the pleasure of sharing some of our findings with your parent committee, which commissioned us to prepare a report entitled *Foreign Policy Choices for the 1970's and 1980's: Information Resources, Strategic Strengths—Strategic Weaknesses.*[3] Two months ago, we described the domestic significance of information resources at the request of the Subcommittee on Communications of your chamber's Committee on Commerce, Science and Transportation. With your permission, Mr. Chairman, we'd like to submit that testimony for your record. Since one of our points will be that domestic and foreign affairs in information resources are closely linked, that prior testimony will help anchor today's comments to the domestic realities that bound foreign policy concerns.

As we see it, these concerns—as you have heard them expressed today and as you will hear more in the next two days—are over issues which our nation—and all others—must address if we are not to slip into crisis management. The following agenda headings, developed by our colleague William Read, help organize these issues so that they might be addressed:

Telecommunications.—Development and control of international telecommunications for individuals, for organizations, for rich nations, for poor;

National Security.—The use of information resources for military, for arms control, for intelligence, and for counterintelligence purposes;

Traditional Information Issues.—Media industry structure, free flow of news, free flow and privacy of business and personal information;

"Intermestic" Issues.—Issues whose resolution, in an interdependent world, impacts domestic interests. Among these, the flow of knowledge as related to strategic export controls and to unemployment;

Organization of the U.S. Government.—How should government organize itself to formulate and implement information resources policies?

Time does not permit our spelling out here and now all of these issues in concrete detail. With your permission, Mr. Chairman, may we submit for the record Mr. Read's paper *Communications Policy: An Agenda,*[4] which gives the details as he sees them. We will limit ourselves here to the question of government organization.

If the testimony of the other witinesses in these hearings persuade you of the seriousness and importance of the substantive issues, we think you will then find that the government is poorly equipped to address them. A principal reason for this is that within each agenda heading and across them, the issues are so intertwined as to cross the traditional boundaries between domestic and international, public and private, or civilian and military issues or, for example, between the jurisdictions of the Senate's Commerce Committee and that of your own committee over Foreign Relations.

May we illustrate that with one specific example:

Banks are in the money business, but their production line is information processing. Electronic Funds Transfer systems expedite this processing. As soon

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[2] A listing of the affiliates who support the Program's work is appended. They include competitors, competing industries and their customers, as well as government agencies.

[3] LeGates, John C., Anthony G. Oettinger, William H. Read and Carol L. Weinhaus. *Foreign Policy Choices for the 1970's and 1980's: Information Resources, Strategic Strengths—Strategic Weaknesses.* Harvard University, Program on Information Resources Policy, Publication P–76–6, October 1976.

[4] Read, William H. Communications Policy: An Agenda, Harvard University, Program on Information Resources Policy, Working Paper W–77–4, May 1977.

as more than one bank is involved, several familiar questions pop up. Is EFTS a service or a facility? Must it become a common carrier and take on all comers? Who shall own the lines? Who controls the service offerings? Who gets the profits from operation? Who sets the standards? Which national bodies? Which bilateral or multilateral agreements? Which international organizations?

These are not speculative questions. To the contrary, these are questions already being faced by the free world's banking community as it moves to establish international electronic banking networks.

EFTS is a major threat to the chief non-electronic funds transfer system. Over half of the first class mail—the most profitable kind of mail—is financial: bills and payments. What will happen to the United States Postal Service if these vanish into wires? Who will subsidize the remaining money-losing services? Should the Post Office fight back with reduced rates for major billing industries? Should it fight back by forbidding EFTS as a violation of the Private Express Statutes? Should it levy a surcharge on these transactions, just as it does on courier services?

A more general question: Should the Post Office offer a competitive service over wires? If so, should it compete as well with electronic transfer of other traditional postal business such as messages? How do we distinguish between such an effort and an operation already in existence, known to the world as the telephone system? How will these issues be handled by the government monopolies that run the Postal, Telegraph and Telephone services abroad? Will this be compatible across borders? On whose terms? For whose trade or military advantage?

Domestically alone, these matters cut across the jurisdictions of multiple federal and state banking regulators, the Federal Communications Commission, the telecommunications regulators in fifty states and the U.S. Postal Service and Postal Rate Commission. Multiple private interests have stakes in them. Internationally, the mixed public/private, supplier/consumer interests in the U.S. are finding it increasingly difficult to work among themselves and through the Department of State to develop a "U.S. position" in bilateral or multilateral negotiations with other countries or in such international bodies as the International Telecommunications Union. And all this touches on only one example.

How should the U.S. government act in these circumstances?

Can it create the organizational instruments to identify issues, develop policy alternatives and take appropriate action on the long-term opportunities and dangers inherent in the rapid changes in information industries?

Can it deal with the complex issues involved by considering inputs from diverse interests without developing a rigid bureaucratic structure?

Can the government actively establish an international information resources policy before it must react to a global information resources crisis like the energy problem?

A first step in addressing these questions is to examine how the government is now organized to establish and execute policies in this area. For example, what are the roles of the Defense and State Departments in this area? How do these organizations interact? Where do regulatory bodies such as the FCC fit into this organizational pattern? Where also do international organizations such as ITU and Intelsat fit?

Second, this organizational pattern must be analyzed to assess the government's ability to act on a changing communications environment. In what areas is it especially responsive? especially weak? Why is this so, i.e., what are the organizational bases of its characteristic response patterns? For example, what is the impact of the State Department's stress on geographical rather than functional organization for its attentiveness to the strategic significance of global information resources? What are the structural problem that confront government information agencies? What are the areas in which overlapping mandates create jurisdictional conflicts?

The final step is to propose alternatives to the current map that might alleviate existing problems. How can agency structures and/or processes be modified to facilitate monitoring a changing information resources environment? How can structures and/or processes be modified to encompass the complexity of the interests comprising such an environment and still allow for rapid and effective decision-making? What organizational alternatives exist to prevent decision-making on global information resources from deteriorating into crisis management?

These are, we believe, the critical questions for your agenda.

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SPECIAL PROJECTS

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Senate Committee on Foreign Relations

Senator MCGOVERN. Thank you, Professor Oettinger. I think you and your fellow witnesses have given us an excellent overview of the subject matter about which we are concerned here today.

CRISIS COMMUNICATIONS ISSUES

I assume that all of us who live in a free society agree that maximizing the flow of information between countries is a desirable goal, that there is no one who has any basic reservation about the free flow of communications.

If that is the case, I wonder if it would not be a useful thing, partly by way of summary, but also in order to point up the issues a little more sharply, if beginning with Mr. Marks, each of you could just take a couple of minutes to identify what you regard as the most urgent problems that we are confronting in this field. In other words,

what are the problems most likely to come to a crisis stage in the near future?

Obviously, there are a lot of questions to which we do not have all the answers, but one of the purposes of a hearing such as this is to try to identify these issues before they break on us at a crisis stage.

I would ask each one of you to address himself to the question of what you see as the most urgent, or perhaps the two or three most urgent problems, that are liable to break on us that we ought to be getting ready for now?

Mr. MARKS. Mr. Chairman, let me try to answer your question by repeating a cliche—that information is power. It is equally a cliche to say that our perception of what is happening in the world governs our reaction. Frequently, reality and perception are different.

I am alarmed because, as I look around at the developing countries, I find a tendency to want to control what is going on, what information comes out of the country, so that the perception to the outside world will be that which those rulers want the world to know, rather than the facts. If we in the field of international relations are going to guide our activities or determine our actions by perceptions rather than realities, we are frequently going to make mistakes. Border wars have occurred frequently because of misunderstandings; had the facts been known, the realities might have prevented the clashes.

Today, as in the reference made to the statement of Roger Tartarian, less than 20 percent of the world operates with a free press. Our access to information around the world is diminishing. What can we do about it?

I think that the only thing we can do about it is to be very vocal in international fora. I think it is essential that we defend not only the principle that we enforce compliance with the principles of article 19, and we should do it by those measures with which we have had some experience. We must say to nations, just as we have in the trade field, that unless you comply with human rights, unless you comply with the rights of free expression and access to information, then certain economic consequences will flow.

BELGRADE AGENDA

Senator MCGOVERN. How important do you think these communications are in terms of the agenda that we are going to be pursuing in Belgrade next week—I believe that is when the conference gets underway?

Is it your understanding that our delegation is going there with a keen appreciation of the importance of pressing on the kind of concerns you have expressed here today?

Mr. MARKS. Yes, I believe so. I had the privilege of testifying before the Commission created by Congress on the Conference on Security and Cooperation in Europe. I have met informally with some of the State Department people and the staff of CSCE who will be present at the Belgrade meeting.

I believe the testimony and the evidence which they have received demonstrates what I have just tried to tell you, Mr. Chairman, and that they are aware of it. I am confident that this will be the principal

item on the agenda. Whether we can secure the aid of the Western European powers to bring about some measure of compliance remains to be seen. I hope that we can.

If the United States and Western Europe stick together on this, then I think you will see a change in attitude on the part of Eastern Europe.

Senator McGovern. Certainly the concept of the free flow of information and knowledge between and among nations is a very important part of the Helsinki accords; is it not?

Mr. Marks. Yes, indeed. It is one of the most significant.

Senator McGovern. Mr. Colby, did you have anything to add on this?

Mr. Colby. Mr. Chairman, I am not so concerned about our being able to learn about the rest of the world. I think that our intelligence capabilities, both the technical and the human sources that we are able to direct, can indeed tell us what is happening in the rest of the world. I think that if we change our attitude toward that information and make it available to our citizens to a higher degree, that our citizens can be better informed about the rest of the world.

I find the danger really more in the growing bipolarity, you might say, of the world in its approach toward information, government, and all the rest; that the Third World looks at us with an increasing feeling of antagonism, jealousy of our affluence, and upset about the prominent role that the United States plays. They can be led into a hostile position, and freedom of information, even of democracy, can become an endangered species in large parts of the world. This can be exploited by larger developed nations and adversaries, such as the Soviet Union. But my fear is more of the misunderstandings, particularly that the Third World countries can develop, about our country, our attitude, and their own ability to hold back the tide of modern information. My fear is that they will engage in a futile exercise of trying to control this kind of information. It will lead to hostility; it will lead to antagonism with us. I think that the answer to that must be found in an attempt to convince them that it is in their interest to open up the channels of communication, because they cannot stop us from learning about it, they cannot stop us from informing our people, and they can benefit by a more cooperative attitude by which they can gain the ability to handle modern information and increase the pace of their own development, instead of frustratingly being annoyed with us while sitting back in pockets of poverty and misery.

PREOCCUPATION WITH SECRECY, WITHHOLDING OF INFORMATION

Senator McGovern. Mr. Colby, based on your experience in government, do you think there is a tendency even on our side of the equation to be a little too preoccupied with secrecy and the withholding of information? Do you think we are a strong enough society to be a little more open with our own people as well as the way we deal with others?

Mr. Colby. Well, we are the most open society in the world, of course.

Senator McGovern. Traditionally there is an attitude among parts of the Government, of course, to retain information and not to make it

public. In part this has been justified in the past by national security; in part it is justified by the political advantage of having information in the struggle that takes place here in Washington, the political conflicts taking place.

So, there is a natural tendency for some people to hold back the information.

But, I think that in the last few years we have crossed a great barrier with the increasing availability of information and with the increasing concept that information must be shared with our people so that they can participate in the judgments. If they don't know such things as the true situation in Vietnam, shall we say, if they don't know the true situation of the Soviet military buildup, then they will make decisions which will be contrary to those who are trying to run our Government in a certain way. It is only by sharing information that the Government is able to make decisions. I think, consequently, that our society is certainly strong enough to share the information. I think we have the job to share more of it. As for the problem that the underdeveloped countries complain about, our people should get the items of information in the real framework in which they exist and not be myopically fixed on particular sensational facts. Rather, they must see the whole picture.

I think that is a problem, but I think it can be solved, and I think we are in the process of doing so.

Senator McGovern. I think you are right. We have a more open society and are dealing more frankly with our people than is true in most places around the world.

I watched the film shown the other night designed to show the dimensions of Soviet power. Any person seeing that film, if that was the only thing he or she had to go on, would think that we were a puny second-rate power that was being overwhelmed by the power of the Soviet Union. This, of course, does not square with the facts, as I understand them.

Mr. Colby. Of course that is only one film. You have the right to look at any number of other films and lots of other information sources.

Senator McGovern. Right.

Mr. Colby. Mr. Chairman, we can make this information freely available and still keep secret the sources from which it comes. Our journalists have successfully kept "Deep Throat's" identity secret, and yet we have shared the information he provided. [General laughter.]

Mr. Colby. I think that that is the kind of sharing of information that is possible, with respect to knowledge about the rest of the world as well.

Senator McGovern. Mr. Harley, do you have a comment?

Mr. Harley. Yes, Mr. Chairman.

COMMUNICATIONS BALANCE

We have indicated here today that communication is indeed a most valuable resource, but is so badly out of balance in the international scene that it constitutes a very unhealthy situation for the world. I think that it is our responsibility to do what we can to redress this

admittedly enormous imbalance of media transmission, and to do it by providing practical assistance, by lending our expertise and know-how to help these countries increase their capacities to take a fuller role in the communications process.

Now we have to be careful not to confuse a good deal of rhetoric with reality. Ultimately, the Third World is going to have to come to the West for help. We have the expertise, the ability to finance, to assist, to give them direction, and so ultimately they have to work with us in a cooperative fashion if they are going to build up their own infrastructures and their own capacities for communications.

So what we need is not more expressions of outrage, but more understanding; not more confrontation, but more cooperation. We need to encourage free flow and a more balanced communications system for the entire world. The best way, it seems to me, to reverse the ominous trend of the Third World countries toward closing themselves off as an antidote for the inequities of the communications systems of the world is to just give them greater opportunities and capacity to participate more fully in the communications process of the world.

Senator McGovern. Thank you.

Professor Oettinger?

BALANCING FREEDOM OF INFORMATION AND PRIVACY

Mr. Oettinger. There are two points that I would like to make. The first is to underscore what I believe to be an important balance between, on the one hand, the notion of freedom of information, which we have all strongly stressed. The other side of the coin is the question of privacy.

I think it is as true on the international scene, as evidenced by some of the concerns of the Third World, for example, as it is on the domestic scene, that one man's freedom of information may be another man's violation of privacy. Over the last decade or so we have gone through some rather wild gyrations domestically, for example, in terms of the rather uncoordinated Freedom of Information Act on the one hand and the Privacy Act of 1974 on the other. Both types of legislation are in the name of good ideas, but these ideas happen to be in conflict, and this seems to me to some extent unavoidable. So, the notion of simply saying that freedom of information is good without recognizing that privacy is also good ignores the very hard problem of striking a balance between the two goods. To this must be added the fact—and domestically this has certainly been the case—that the most vociferous advocates of privacy occasionally are those who have things to hide—government agencies, individuals, or organized crime—and the most vociferous advocates of freedom of information are those who hope to get access to matters which are none of their business, such as, for example, private information about the health records, criminal records, or whatever, of their fellow citizens. Without casting aspersions on either side, I do want to point out that both can be perverted or turned around.

Therefore, in my mind, it is exceedingly important never to speak

of freedom of information without speaking also of privacy and vice versa, so that these two good but conflicting things may be balanced. I think the real issue is finding an appropriate balance and not going whole hog for one principle or the other.

SATELLITE VULNERABILITY

My second point is somewhat more speculative. In his testimony, Mr. Colby spoke about vulnerability of satellites. This kind of physical vulnerability is certainly one possibility of the kind of thing that the Government can be, should be, and indeed is alert to. There are more subtle effects, and this more speculative one that I will mention is covered in a recent print that came out this month from your subcommittee on the role of "International Communications and Information." I refer to a scenario about competition in global satellite telecommunications, which is a speculative kind of view. These events have not happened; they may never happen; but they could, and they illustrate that the issues in this information arena are more subtle and more complicated than the more traditional military-national security views.

The satellite picture could become a great deal more complex in the decade ahead; for example—and I repeat that this is speculation—if the Soviet Union were to develop its Statsionar satellite system, say to compete with Intelsat, one can only speculate about where this might lead. But if, for example, the Kremlin decided to engage in a price war with Intelsat and offered access to its satellite system through neutral countries, a number of multinational companies with heavy communications traffic might be tempted to cut costs by using the Soviet system. So, the day might well come when Washington will have to decide whether the United States should allow a vital industry, such as banking, to become dependent on a Soviet-controlled satellite system.

One can engage in that sort of speculation and in all sorts of other speculations. My point is not to conjure up the "sky-is-falling" phantoms, nor on the other hand to rest on our present complacency, but to urge that developing mechanisms for monitoring these kinds of developments that fall outside of the traditional sphere of open communication in the sense of free flow of news and so on, is an increasing and rather ignored responsibility of the U.S. Government.

Senator McGovern. Mr. Marks?

Mr. Marks. I would just like to add one thing, Mr. Chairman.

Time is important here. In my testimony I offered two suggestions on how coordination might be achieved.

OFFICE OF TELECOMMUNICATIONS POLICY

I would like to say that the Office of Telecommunications Policy, created by Executive order, could be a proper vehicle. It has had some unfortunate experience in the past and, as a result, it may have lost considerable ground. But in view of the urgency of time, I would urge your committee to consider possible changes in that Executive order to carry out some of the purposes which we have outlined here today.

SUGGESTIONS FOR CONGRESSIONAL ACTION

Senator McGovern. I was going to ask each one of you in view of the limited time here if you had any suggestions as to what Congress can specifically do, not just on this question of a telecommunications office but any other things that you think are on a priority basis that the Congress ought to be moving on in the next year.

Mr. Marks. My answer would be that some mechanism be developed as soon as possible where these problems can be resolved. The Congress in its operations cannot attempt to legislate on each and every one, nor are there agencies today authorized to coordinate. Therefore, to me the single most important suggestion that I can make is to provide for some organization of Government that will bring together the various governmental agencies, that will cooperate with private organizations, that will provide a forum for discussion, and with the authority to make decisions of policy.

Senator McGovern. Are there any other comments on this?

Mr. Harley?

Mr. Harley. I would associate myself with Mr. Oettinger's and Mr. Marks' comments, that there is indeed a need for some locus for policy decisionmaking within our Government in the communications area. Perhaps it might be a reorganization of the White House Office of Telecommunications. If that were to be done, I would suggest that consideration be given to broadening its scope beyond just telecommunications, because the communications process is much broader than that. It ought to include, for example, the print media. So perhaps it ought to be some kind of White House Office of Information which would range over the whole communications process issues, which include everything from duties on imports of newsprint, to assignment of radio frequencies for the nations of the world, to concerns about public radio and public television—the whole range of communications issues. This is much more comprehensive than the area which is now in the purview of the OTP.

LAW OF COMMUNICATIONS CONFERENCE

Senator McGovern. As you know, there is an ongoing Law of the Sea Conference which recognizes the complexities of that issue and the need to involve that discussion in an international forum. Do you think that possibly a Law of Communications Conference on the same format would be in order in this field?

Mr. Marks. The questions involved in such a conference should be debated before the International Telecommunications Union. It consists of every nation of the world. It has a competent technical proficiency.

Unfortunately it does not have the authority to engage in that.

I would think the forthcoming World Administrative Conference in 1979 would be the equivalent of the Law of the Sea Conference if the nations that comprise the World Administrative Conference would enlarge the agenda to these philosophic issues.

The answer to your question is yes, there is a need for such. But, in my opinion, the forum should be the ITU with a broadened charter.

Senator McGovern. Professor Oettinger?

Mr. Oettinger. Mr. Chairman, my concern is how well the United States would be prepared to act in such a forum. If there is a crisis,

the Congress and the executive branch will meet it as best they can. I certainly agree with Mr. Marks and Mr. Harley that the critical thing is to organize ourselves so that we can meet any forthcoming crisis better than anything we are equipped to do right now.

I think Mr. Harley's point is that whatever kind of agency or mechanism is devised, it should address itself to information resources in the broad sense, not with a narrow view of telecommunications, which does not cover the kinds of concerns that you have heard from all of us here this morning. I also want to underscore two points that Mr. Marks has made. One is the need for a forum.

Senator McGovern. Do you mean a domestic forum here in the United States?

Mr. Oettinger. Yes, because without a domestic forum, in my opinion, there is no way that we can develop a coherent and consistent U.S. viewpoint to present at any international meeting.

I want to stress his other point, too, that such a forum, whatever its organizational details, must provide for inputs from the private sector as well as the Government, because this is a matter which, in the United States, is fraught with such heavy private participation, while most of our partners and adversaries abroad handle it in a much more monolithic fashion. Unless our mechanism provides for bringing private and public interests together in something more rational and coherent than the shouting matches before the FCC, where adversaries hurl mountains of meaningless testimony at each other and none of the staff ever has the time to plow through it to figure out what the hell it really means, we will fail in whatever attempt we make.

Senator McGovern. Mr. Colby.

Mr. Colby. Mr. Chairman, I would merely make one rather simple and small suggestion in contrast to these, with which I fully agree.

I think that the problem today is that we face almost a united Third World on these problems, that really one of the first things that could be done is to begin the process of international assistance to some of these Third World nations to move them to a new approach toward international information and their relationship with the United States.

Now that might mean some foreign aid appropriations by the Congress, which is not the most popular thing to suggest in these particular halls. But I think that this is an area specifically in which Congress could act. It could stir the administration, the government, to act to develop a new cooperative program with at least some of the Third World countries who are sympathetic and would be amenable to moving ahead to improving their use of information in a cooperative arrangement with the United States.

A good example of an area that is close to us, that has all of the problems that you can imagine that we can deal with, is the Caribbean and Central America. We should start on that and at least begin to reverse the developing difference between ourselves and this large group of the human population.

Senator McGovern. Mr. Harley?

U.S. RESPONSIVENESS TO THIRD WORLD CONCERNS

Mr. Harley. I would like to associate myself with those comments, of course. I suggest one thing that the Congress should be concerned

with, and on which we have made promises at various conferences, including Nairobi, is that the United States would be responsible to these concerns of the Third World and undertake to do something, possibly in concert with other countries with advanced communications capacities, to help the Third World countries improve and strengthen their own communications capacities.

Now at Nairobi, the United States strongly supported what was called the Tunisian resolution. This was a modest proposal to provide studies, research, and other activities aimed at helping the developing countries strengthen their communications systems.

I would suggest that, for the next general conference of UNESCO, the United States take the initiative and come forward with a much more massive proposal which would undertake to have UNESCO provide a much larger dimension of assistance to Third World countries. The Tunisian resolution appropriated about $130,000, which of course is a mere drop in the bucket. It is enormously important that we not only make these promises and are seen to be not insensitive, but that we are sympathetic, that we do hear, that we are listening, that we intend to help, and then that we follow through on these promises. It is only when the Third World perceives that we have listened and that we are moving to do someting about it that there will be any diminution in this confrontation and this rather ugly situation that is growing on the world scene.

Senator McGovern. Professor Oettinger?

Mr. Oettinger. I don't wish to disagree with the principle that Messrs. Colby and Harley propose here, but I think that it is a good deal more complicated than it may seem.

I think the previous administration found itself trapped in Nairobi in making promises to deliver things that it was not too sure even what they were and whether it could indeed deliver them. Let me be a bit more explicit about that.

It is one of the dangers of looking at information narrowly in the terms of "news" or "entertainment" or other classical terms. Much of what the Third World is interested in is not merely the classical kind of information, but also things related to trade, technology, scientific and commercial developments, and these, I think, one hardly needs to point out—but perhaps in the light of the events of Nairobi it does need to be pointed out—are not necessarily for the U.S. Government to dispose of. These are private, proprietary matters, and it is silly or disingenuous for the U.S. Government to stand up in Nairobi or in any other international conference and say yes, we will give you stuff, it cannot deliver if the stuff is owned by American industry.

So, these whole questions of what is to be given, who owns it, how does it reflect in patterns of trade and patterns of relative standings in high technology or in other kinds of goods and services, are questions I would urge you to explore with some of the witnesses on the third day of these hearings. They should be better equipped than any of us here today to address these questions of what it means in terms of trade, in terms of employment, if one talks about exchanges of information in the broadest sense—including commercial and technological information—with Third World or any other countries. It is not purely a matter for the Government to dispose of. It is very heavily a private matter.

Mr. COLBY. But I think our Government can play a part in helping a small country develop the capability to explore the problem, and, by a cooperative effort to explore the problem, we can achieve the objective, which is to end the hostility in a feeling that we are trying to solve the problem together.

Senator MCGOVERN. Mr. LeGates?

Mr. LEGATES. There is just one more small caveat. The only study we have done on international communications development projects in Third World countries indicates that there is another danger as well, and that is that the technology be appropriated by the ruling class or group in power and put to work as another tool to serve their ends, possibly against the populace. So we have to guard against that as well.

Mr. OETTINGER. To put it bluntly, Mr. Chairman, the AID—Agency for International Development—folks don't talk much about that. It is very hard to get evidence or to find support for research that is looking into what has actually happened. We have done a couple of case studies, one on Algeria, one on El Salvador, that suggest that the consequences of our aid are not necessarily in the direction of furthering human rights in those countries.

Senator MCGOVERN. Very good.

Mr. Marks, did you have something to add?

Mr. MARKS. Yes, Mr. Chairman. Before you conclude, I want to thank the committee for this opportunity. I had a prepared statement from which I did not quote in its entirety. I would ask that it be incorporated into the record of this hearing, if I may.

Senator MCGOVERN. That, of course, will be done. I would also like to tell all of you that if you have additional documents, articles, or statements which you would like to have included in the record, this hearing record will be open for some time. Send that material to us with a request that it be included in the hearing record, and we will see that it is printed.

Gentlemen, we thank you all very much for attending this hearing. You have provided us with some very invaluable information.

Thank you all.

This committee is recessed until tomorrow at 10 a.m.

[Whereupon at 12:06 p.m., the subcommittee recessed, to reconvene on Thursday, June 9, 1977, at 10 a.m.]

[The information referred to follows:]

HARVARD UNIVERSITY,
PROGRAM ON INFORMATION RESOURCES POLICY,
Cambridge, Mass., June 13, 1977.

Senator GEORGE MCGOVERN,
Dirksen Senate Office Building,
Washington, D.C.

DEAR MR. MCGOVERN: In response to your kind invitation at the June 8 hearing to submit additional materials for the record, here enclosed is a paper by John Clippinger entitled "Who gains by communications development? Studies of information technologies in developing countries".

The paper amplifies our comments about the use of information resources in underdeveloped countries that I made during the discussion period.

Sincerely yours,

ANTHONY G. OETTINGER,
Chairman.

Enclosure.

WHO GAINS BY COMMUNICATIONS DEVELOPMENT? STUDIES OF INFORMATION TECHNOLOGIES IN DEVELOPING COUNTRIES

John H. Clippinger

January 1976

Working Paper 76-1

HARVARD UNIVERSITY

Program on Information Technologies and Public Policy

HARVARD UNIVERSITY - PROGRAM ON INFORMATION RESOURCES POLICY

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Senate Committee on Foreign Relations

Act as men of thought
Think as men of action.
- Henri Bergson

Harvard University

PROGRAM ON INFORMATION RESOURCES POLICY

Executive Committee - 1976-1977

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I. OVERVIEW

Over the last ten years Third World countries have increasingly used communication services for various stated developmental purposes: formal and informal education, rural development, health care, national integration, vocational training, urban and regional development, technology transfer and industrialization.

While much attention has been given to the potential benefits of services based upon communication technology -- such as satellites, data nets, telecom systems, television and radio -- for accelerating Third World development, relatively little attention has been paid to how these benefits are distributed or realized in practice.

Not ten years ago other types of technology were proposed as bases for solutions or aids to Third World development problems. Recent studies (Adelman, Morris, 1973; Timmer, et. al., 1975; Griffin, 1974) are beginning to demonstrate that the net effect of deploying many of these technologies was often detrimental to the poorer segments of the populations and served to benefit only the already established interests and classes.

The question naturally arises, then, as to how appropriate various forms of communications services may be to the stated goals of many Third World development efforts, and how variable in their impact, depending upon how they are introduced, administered, and utilized.

Our aim is to identify the pattern of benefit distribution and those factors which affected them and suggest various options for deploying communications technologies to serve various stated developmental ends. We proceed by examining a sample of developing countries in which various communication services are being used for developmental purposes in

order to see which groups and interests in fact benefit politically, economically, socially, and culturally by the introduction (or extensions) and use of these services.

Two preliminary case studies were undertaken as precursors to a more general and comprehensive study.

The first case study looks at telecommunications development in Algeria where telecom systems are being rapidly introduced to speed up industrialization and where a satellite system is now in use to promote regional development. Algeria is of interest because it is one of the few socialist countries of the Third World which is engaged in extensive telecommunications development, and which is publicly committed to a policy for a just distribution of income.

The second case study is of educational television in El Salvador. El Salvador was the first developing country to use educational television on a large scale for formal education. It therefore affords an excellent opportunity to study educational television from its initiation to its final implementation and operation.

II. FINDINGS AND SUMMARY

A major finding in both case studies is that the governments of El Salvador and Algeria were the principal beneficiaries of communications development. In part this is not a surprising finding, as governments generally own and manage all major communications systems and are -- by and large -- the locus of political and economic power. However, what is not so obvious is that the intended effects or stated benefits of both these development projects, increased sub-professional employment for El Salvador students and an equitable distribution of income and the reduction of regional disparities for Algeria failed to materialize.

In both cases the uses of communications technology resulted in greater concentration of power within the government and reduction or diffusion of power for those outside the government. In El Salvador the government, through the Ministry of Education, extended its influence over teachers and students without appreciably increasing the number of students employed. In Algeria, telecommunications development has enhanced the government position and furthered the influence and dominance of the urban industrialized areas in Algerian affairs, without any apparent positive effect on the rural and traditional sectors.

Despite political and ideological differences between these two countries there are striking similarities in their approaches to development and the general problems they face. Both countries have high birth rates, dual economies, a lagging agricultural sector, a dependence upon international markets, shortage of skilled labor, intense urban migration, and high unemployment. Moreover, both countries have attempted a centralized top down approach to development in which major investments were made

in developing the modern sectors of the economy in the expressed hope of spurring the transformation and development of the traditional sectors. In both cases, agricultural development took a back seat to industrial development and international financing and assistance was heavily relied upon. And, in both cases, agricultural production has fallen behind population growth and the modern sectors of the economies have not been able to absorb the influx of new workers.

The introduction of communications technology apparently has not curbed these ills, and it could be argued, may have served to accentuate them. The development of a telecommunications infrastructure in Algeria may have served to further isolate the urban areas from the rural areas, as well as the modern and industrial sectors from the traditional and agricultural sectors, and consequently may make it more difficult in the future for the Algerian government to develop an equitable and functionally integrated economy and society. Likewise in El Salvador, the use of ETV to teach skills and to create expectations which can only be realized in a healthy urban economy may also serve to accentuate that country's development problems. Both have also incurred large outside debts to further these development projects.

These findings are preliminary. But they suggest several areas of concern regarding the use of communications technology for developmental purposes. For though communications technologies have a variety of potential uses for developmental purposes - education, vocational training, health care, national integration rural and industrial development - there appears to be no guarantee that they will accomplish those ends.

It may be that the nature of the technology itself may favor certain outcomes over others. ETV and telecommunications technologies are both relatively sophisticated and capital intensive and therefore seem to require not only government control but outside support and assistance as well.

Moreover, a technocratic "elite" is required to manage and maintain these technologies, and the interests of this group may be different from the interests of those whom the technologies are eventually intended to serve. Certainly when the population being served by the technologies is an uneducated one with relatively little understanding of Western technologies and attitudes, it cannot readily articulate, much less effectively represent, its own interests. Hence, it may be that advanced communications technologies such as ETV, satellite, and telephony, by their capital intensive and technologically sophisticated nature, introduce a complex array of factors into the development process which hamper rather than facilitate certain desired outcomes. Whether these complicating or negative factors are intrinsic to the technology or can be overcome through different forms of project organization and implementation is not clear. What is clear is that modern communications technology cannot provide the "fast fix", and that less tangible political, social, economic, cultural, and institutional factors have to be better understood before such technologies can be effectively used to achieve stated goals.

In both cases studied the technologies seemed to have shaped and directed the social policy. While novel technologies can be used as effective change instruments, such as in El Salvador where ETV facilitated an overall

educational reform, they can also produce outcomes that were neither anticipated nor intended. In such instances, the problems may be due to the transitional nature of the economic, political, and cultural institutions of the developing country. But they may also be the outcome of policy planners focusing primarily upon the technology hardware and not adequately assessing its actual applications or secondary impacts. In such cases, the deployment of communication technologies may not only prove ineffective in achieving stated development goals, but like the agricultural technologies of the "green revolution", may even be detrimental to the interests and welfare of the poorer and less powerful segments of the population.

III. TELECOMMUNICATIONS IN ALGERIA

A. Introduction To Telecommunications Development in Algeria

In many developing countries, telecommunications systems are seen as a primary component for developing a modern economic and social order. When compared to other sectors, however, the investments in telecommunications by developing countries are not relatively large, and as a World Bank working paper on the subject makes clear, the value of such systems is attested to by their demand:

> The value of telecommunication services to users is attested to by the unsatisfied demand throughout the developing world, even at prices which generate substantial money surpluses for reinvestment, and thus probably capture a much larger share of user benefits than in any other public service. It is not surprising to find that the economic return on investment in expansion in telecommunication services, when measured by the willingness of users to pay for installation and for use can approximate 50% in some cases.

While the general benefits of telecommunication systems are widely recognized, how these benefits are distributed or realized in practice has received little scrutiny. The purpose of this preliminary study of Algeria is to see which groups or interests are served or disserved politically, economically, and culturally by the introduction and use of telecommunication systems. Although Algeria is atypical of many Third World countries, in that it has valuable oil reserves, it also has many similar obstacles to overcome: a colonial legacy and a dual language, a high birth rate, a predominantly unskilled labor force, a dual economy, high unemployment, and few indigenous modern economic and political institutions.

Algeria became an independent nation in 1962. Independence came after 132 years of French rule and a protracted and costly revolution: 10% of the population killed, 20% dislocated, and over 70% of the work force unemployed. In addition, the revolution resulted in the flight of

approximately 1 million French settlers or "colons", who, up until the revolution, occupied virtually every major economic, administrative, and technical position within the country.

A new socialist government was established in 1962 with Ben Bella as the Chief of State and the FLN as the single ruling party. During this initial period, the government was torn between two alternative paths to national development: "autogestion" or self-management which called for worker control and a decentralized political economy, and "state" capitalism, where political and economic authority was centralized in the governmental ministries. In his domestic policies, Ben Bella vacillated between these two alternatives and, as a result, government policy towards development was neither well articulated nor executed. Ben Bella was, in turn, charged with "mismanagement" and deposed by his Minister of Defense, Houari Boumedienne in a bloodless coup in 1965.

Boumedienne abolished the constitution of 1962 and established the National Council of Algerian Revolution (CNRA) as the single ruling body. The council had military support and was composed of close associates of Boumedienne's from his days in the revolution. Though giving nominal support to the ideals of autogestion, Boumedienne has consistently pursued a policy of "state capitalism", whereby all major economic enterprises are owned and managed by the State. Boumedienne and his ministers have also pursued a policy of rapid industrialization in an effort to develop relative economic "self-sufficiency" and "self-sustaining growth." In 1974 the Algerian economy was growing at an annual rate of 11.8% with a GDP of $6.5 billion. However, by 1975 with a worldwide drop in demand for oil (which constitutes 60% of all budget revenues and 90% of all export earnings), the economy began to experience a serious downturn, and balance

of payment deficits are now projected at between 1 and 2.5 billion dollars. As a consequence, the government is now forced to borrow money from abroad and to cutback on many of its development programs.

While the sale of natural gas (Algeria has the fourth largest reserves in the world) may, in the long run, provide Algeria with the stable revenues it needs to pursue its ambitious development goals, the social and demographic obstacles it faces are considerable. Algeria has a population of 15.2 million people (25% of whom are literate in Arabic), and 95% of whom live on but 12% of the country's total land area. With a birth rate of 3.5% (up from 2.5% in 1962) unemployment and urban crowding have become increasing problems. Urban unemployment is estimated to be around 30%, and though the Development Plan of 1974-1977 expects to create 456,000 new jobs in the industrial sector, the rate of unemployment will not be affected for as many new workers will be entering the industrial/urban job market. Unemployment in the agricultural sector is worse. Out of a total agricultural work force of 7,150,000, only 1,270,000 are considered active and of these only 450,000 have permanent jobs. In addition, agricultural production has declined in 1975, and, as a result, Algeria is having to import cereals and foodstuffs.

B. Telecommunications in Algeria

According to an Algerian government document, "the Algerian telecommunications network before 1962 was designed solely to suit the requirements of colonization and to cover regions inhabited by European settlers, i.e., mainly the coast, the Sahel, and the plains which go to make up the Tell region." There were, at this time, very few Algerian telephone

subscribers, "less than 15% of the total, although the Europeans only represented 1% of the population."[2] Much of this network, which was already outdated and in need of replacement, was destroyed during the seven years of fighting during the revolution. As a consequence, when the Algerians assumed power in 1962, they were left with a telecommunications system which was both dated and badly damaged. In addition, as most of the European technicians had left the country after the war, Algeria had but two inspectors, ten controllers and about fifteen technicians with whom to rebuild her entire telecommunication system.

From 1962 to 1969 the government undertook a concentrated policy to repair damaged systems, and to gradually expand existing facilities. As of 1969, Algeria had the following major telecommunications networks: (see Diagram 1)

- a pre-war cable, used to capacity between Tlemcen and Annaba.
- an underground coaxial cable with a capacity of 960 lines between Tlemcen and Bedjaia.
- an underground coaxial cable (132 line capacity) linking Rasso-Messaoud to Arzew via Ouargla-Ghardaia-Laghouat and Tiaret.
- a microwave installation linking Algiers to Annaba via Chrea, Setif and Constantine.
- two 80 line cables between Algiers and France
- a microwave between Algeria and France running between Annaba and Grasse via Sardinia and Corsica
- two cables linking Algeria and Tunisia via Souk-Ahras and Ghardimaou, and Algeria and Morrocco via Tlemcen and Oujda
- a microwave between Spain and Algeria
- radio connections with Peking, Moscow, Havana, Dakar, Nairobi, Brazzaville and Cairo.

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By 1969, 69% of the telephone network was automated, in contrast to 87% in Morocco, 90% in Libya, and 80% in Tunisia. Subscribers in Algiers, Blida, Oran, Mostaganem, and Sidi-Bel-Abbes could put through calls automatically, whereas those in other cities and towns had to depend upon manual switchboards and rather unreliable and overused lines.

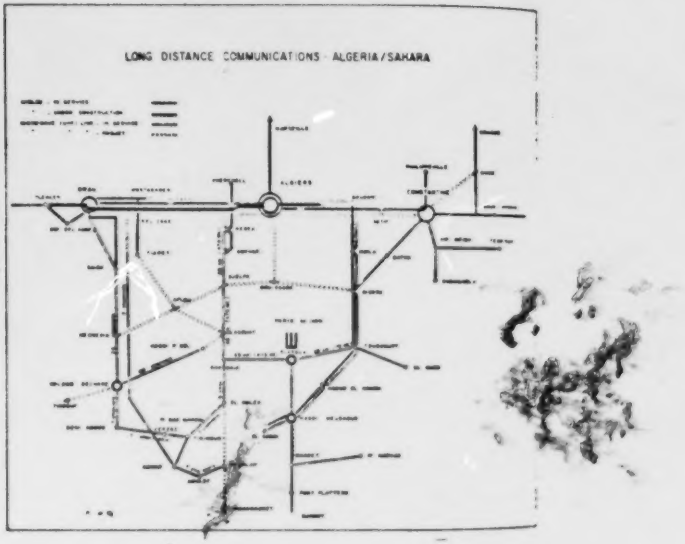
Since the mid sixties the Algerian PTT has consistently pursued in the following objectives:

- improving the quality of service to the public
- taking part in the Government's campaign against regional disparities
- combating the isolation of the countryside
- generalizing the permanent telephone service
- creating the conditions needed to develop international relations.[3]

As in the general development plan, industry receives top priority in telecommunications development. Of the 227,000 phones currently in use in Algeria, the majority are used by state officials in state enterprises. Telecommunications continues to be a limited resource, with an estimated backlog of 500,000 or more subscribers. Service within the major urban areas is generally reliable, but service between urban areas is often impossible during peak hours. As a consequence of the overburdening of the existing telecommunications network, some foreign companies are often encouraged to set up their own private lines.

As a part of its second development plan, Algeria is planning to provide automatic telephone service to 95% of its cities at an estimated cost of $500 million. In September of 1974 three contracts were awarded for the construction of 54 automatic exchanges with a potential capacity

Diagram 1



Source: Pawera, J., Algeria's Infrastructure, Praeger, N.Y., 1964.

of 250,000 subscribers. Standard Electric of Spain (ITT subsidiary) will provide 23 of the exchanges, CGCT of France 17 (another ITT subsidiary) and Ericsson of Sweden 14. According to the Four Year Development Plan, "by the end of the plan (1977) 400,000 new automatic telephone lines will have been created bringing the national total of all kinds of telephone lines to 672,000."[4]

Plans are also underway to improve existing services within critical urban areas. "The most overworked arteries are the 960 channel line linking Tlemcen and Annaba, and the two 132 circuit lines connecting Arzew to Hassi-Messaoud and Hassi R'Mel to Skidda,"[5] whose capacity will be doubled when "several 1,260 channel coaxial cables are put into service."[6] A 15,000 circuit transmission network is to be installed by Nippon Electric linking Tlemcen, Sidi Bel Abbes, Oran, El Asnam, Algiers, Setif, Constantine and Annaba. SONATRACH and other major state enterprises have their own private lines and telexes which they have installed and operate, and therefore within the "public" telecommunications system there exist dedicated systems for special commercial, military, and industrial uses.

Though the pattern of telecommunications development in Algeria mainly follows that of industrialization and organization, it is also being used to link up rural and urban areas, with the intent of reducing "regional disparities" and thereby stemming the flow of urban migration. Under a $9.6 million contract to GTE, SONALEC, an Algerian electronic and telecommunications state conglomerate, installed a domestic satellite system, which according to a Ministry of Posts and Telecommunications pamphlet, is to provide "high quality telephone and television service

to the administrative centers and population of the Sahara to support the government's policy for balanced development of the country."[7] The same government pamphlet sees the following benefits resulting from the satellite: "improvement of social and economic services, health services, emergency support, information and education television, improved telephone, telex and telegraph services and television entertainment."[8] The new system uses a single transponder of an INTELSAT satellite and has its main station located in Lakdaria with thirteen other stations located in communities in the Sahara.

"The main station provides telephone and telegraph service with Algiers and interconnects with the television broadcasting services. It is equipped with twelve telephone/telex access channels and can transmit and receive television programs. The remote stations are each equipped with two to four telephone-telex channels and a television receiving capability."[9] (See Fig. 1.) The system was designed for expansion capabilities and at present is capable of 65 two-way telephone circuits and a 625 line color television video which is distributed among the total number of stations. However, each remote station is only optimally capable of 16 duplex voice channels and consequently the amount of interchange between stations will be limited. Through a mobile television facility it will be possible to transmit television programs from any of the remote stations, although "television programs will normally originate in the studios in Algiers."[10]

With regard to international communications, Algeria is currently developing telecommunications links with Spain, Italy, and the United States. The French Compagnie Generale d'Electricite group and the Spanish national telephone company CNTE were awarded a contract of $5.4

Table 1

ALGERIE — ALGERIA — ARGELIA

Année se terminant le / Year ending on / Año terminado el 31. XII.	I	II (1) (2)	III	IV (1) (2)	V	VI	VII
	Population / Population / Población	Postes téléphoniques / Telephone stations / Aparatos telefónicos				Ménages Households Familias	Postes TT.
		principaux main principales	princ. autom. / autom. main princ. autom.	toute nature all kinds todo tipo	principaux main principal	toute nature all kinds todo tipo	liste attente waiting list lista espera	
	10^3	10^3	10^3	10^3			10^3	10^3
1963	10 500	78.8	52.7	159.5	0.75	1.52	–	–
1964	10 536	70.3	48.0	139.5	0.64	1.25	–	–
1965	11 150	72.7	49.6	139.6	0.65	1.24	–	–
1966	11 999	75.5	51.5	145.3	0.62	1.21	–	–
1967	12 102	77.9	53.6	148.9	0.64	1.23	1 384	–
1968	12 000	82.6	58.1	156.0	0.68	1.30	1 753	–
1969	13 920	86.2	67.8	169.2	0.61	1.21	3 368	–
1970	14 225	95.8	76.2	184.1	0.67	1.29	5 474	–
1971	15 150	104.2	74.6	199.3	0.69	1.31	8 646	–
1972	15 635	109.9	79.0	211.6	0.70	1.35	15 042	–

Source: I.T.U., World Plan, 1973.

Année se terminant le / Year ending on / Año terminado el 31. XII.	VIII (1) (2)		IX (1) (2)		X	XI (1) (2)		XII (1) (2)	
	Conv. Tf. / Tel. conv. / Tf.		Télex / Telex / Télex			Comm. télex / Telex calls / Com. telex		Mobiles	
	intérieur inland interior	internat. dép. outre. intern. intern. salida	intérieur national interior	intern. dép. intern./outre/ intern. salida	Raccord. télex / Telex conn. / Conex. telex	intérieur national interior	intern. dép. intern. outre/ intern. salida	réseau public / public net / red público	réseau privé / private net / red privada
	10^6	10^6	10^3	10^3		10^3	10^3		
	1)					2)	2)		
1963	68.0 5.2	0.666	510	726	428	81	588	–	–
1964	85.2 6.9	0.639	480	563	455	166	598	–	–
1965	85.8 7.1	0.564	503	466	473	167	511	–	–
1966	93.4 7.4	0.584	683	424	532	250	743	–	–
1967	103.4 8.1	0.562	700	366	568	395	905	–	–
1968	122.9 9.1	0.598	771	367	634	676	929	–	–
1969	141.2 9.6	0.656	894	375	673	970	1 296	–	–
1970	156.9 11.2	0.693	1 082	372	718	1 282	1 391	–	–
1971	161.6 14.4	0.740	1 219	361	745	1 510	1 293	–	–
1972	169.0 13.9	0.778	1 378	373	767	1 263	1 217	–	–

1) Premier chiffre : somme des impulsions de taxation enregistrées aux compteurs des abonnés en vue de automatisme urbain et interurbain, deuxième chiffre : nombre des conversations inscrites sur tickets.

2) Nombre de minutes taxées.

3) Recettes en monnaies intérieures de liaisons spécialisées téléphoniques et télégraphiques : redevances pour [illegible]

1) First figure: sum of charging pulses received on subscribers' meters in local and trunk automatic service; second figure: number of calls recorded on tickets.

2) Number of chargeable minutes.

3) Revenue from lease maintenance of specialized telephone and telegraph links: revenue from lease for private telephone and telegraph networks and [illegible]

1) Primera cifra: suma de los impulsos de tasación registrados en los contadores de abonados en servicio automático urbano e interurbano, segunda cifra: [illegible] conversaciones registradas en tickets.

2) Número de minutos tasados.

3) Tarifas de arrendamiento para [illegible] telefónicos y telegráficos especializados: tarifas de líneas privadas para [illegible] redes y líneas [illegible]

Table 2

ALGERIE — **ALGERIA** — **ARGELIA**

Monnaie nationale / *National currency* / Moneda nacional - Dinar

Année se terminant le / *Year ending on* / Año terminado el 31. XII.	XIII Recettes / *Revenue* / Ingresos (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Service Tf. / *Tf. Service* / Servicio Tf.								
	Raccordem. *Connection* Conexion	Abonnem. *Annual rent.* Abonos	Communic. *Calls* Comunicac.	Autres *Other* Otros	Total Serv. Tf.	Serv. Tg. *Tg. Serv.* Serv. Tg.	Serv. Tlx *Tlx Serv.* Serv. Tlx	Autres *Other* Otros	Total
	10^6	10^6	10^6	10^6	10^6	10^6	10^6	10^6	10^6
				3)				4)	
1963	2.5	20.0	49.7	5.3	77.5	9.6	1.1	2.2	90.4
1964	3.0	11.0	52.0	6.3	72.3	5.6	3.5	1.4	82.8
1965	2.4	14.5	49.2	5.3	71.4	6.3	3.7	8.3	89.7
1966	2.2	15.9	58.2	7.3	83.6	6.2	3.6	2.4	95.8
1967	2.4	16.8	59.0	6.9	85.1	4.8	3.5	4.0	97.4
1968	2.8	18.6	72.7	13.1	107.2	6.1	5.4	4.7	123.4
1969	3.3	19.1	77.4	8.9	108.6	7.1	7.2	6.3	129.2
1970	3.7	21.4	88.4	15.5	129.0	7.3	7.7	6.1	150.1
1971	3.6	23.9	82.2	11.4	121.1	8.3	8.8	5.0	143.2
1972	3.4	25.6	88.9	14.3	132.2	8.9	9.5	5.3	155.9

Source: I.T.U., World Plan, 1973.

Année se terminant le / *Year ending on* / Año terminado el 31. XII.	XIV Investissements / *Investments* / Inversiones (1)	(2)	(3)	(4)	(5)	(6)	(7)	XV	XVI
	Serv. Tf. non compris/*excluding*/excluidos terrains et bâtiments/*land and buildings*/terrenos y edificios	Telecomm. non compris/*excluding*/excluidos terrains et bâtiments/*land and buildings*/terrenos y edificios	Telecomm. y compris/*including*/P.I.B.	P.I.B. *G.D.P.* P.I.B.	Ratio Relacion (3) / (4)	F.B.C.F. *G.F.C.F.* F.B.C.F.	Ratio Relacion (3) / (6)	Entretien, réparations / *Maintenance and repairs* / Mantenc. y reparac.	Taux change / *Exch. rate* / Tipo cambio
	10^6	10^6	10^6	10^6	‰	10^6	‰	10^6	1 dinar =
1963	–	–	–	–	–	–	–	–	0.202 US$
1964	–	–	–	–	–	–	–	–	0.202
1965	31.3	33.3	35.0	–	–	–	–	–	0.202
1966	21.7	23.6	24.7	–	–	–	–	–	0.202
1967	34.3	24.7	25.8	–	–	–	–	–	0.202
1968	27.5	38.8	41.9	–	–	–	–	–	0.202
1969	32.2	37.0	41.2	–	–	–	–	–	0.202
1970	54.8	55.8	64.6	–	–	–	–	–	0.202
1971	61.2	64.5	72.7	–	–	–	–	–	0.219
1972	81.4	87.2	98.5	–	–	–	–	–	0.257

[illegible] des stations radioélectriques, [illegible] et travaux effectués pour les [illegible] participation aux frais de [illegible] recettes accessoires.

4) Revenue from radio stations, supplies and work for subscribers; share in operating costs; sundry income.

4) Tarifas de las estaciones radioeléctricas; materiales y trabajos efectuados para los abonados; participación en los gastos de funcionamiento; otros ingresos.

Table 3

Algerian Government, Post Office, SNED, 1970

TELEPHONE SERVICE						
YEAR	NUMBER OF TELEPHONES	INSTALLED CABLE (in thousands of kilometers)	INSTALLED PAIR CABLE (in thousands of kilometers)	[illegible] (in thousands)	[illegible]	[illegible]
1965	139,602	162,535	4,377	46,023	12,710
1966	141,326	175,453	4,393	52,636	12,989
1967	148,905	195,229	4,492	58,569	13,689
1968	156,038	230,828	4,687	69,249	15,708

TELEGRAPH SERVICE					
YEAR	TELEGRAMS DISPATCHED (in thousands)	RECEIPTS FROM TELEGRAMS (in thousands of DA)	NUMBER OF TELEX SUBSCRIBERS	TELEX TRAFFIC (in thousands of units)	TELEX RECEIPTS (in thousands of DA)
1965	966	7,606	291	326	1,604
1966	1,106	7,513	344	331	1,727
1967	1,067	7,279	387	400	1,940
1968	1,158	8,594	453	535	2,680

SERVICE TO SHIPS AT SEA				
	RADIO TELEPHONE	RADIO TELEGRAPH		
YEAR	NO. OF MINUTES RECORDED	NO. OF WORDS	NO. OF WORDS SENT FREE OF CHARGE	RECEIPTS FROM COASTAL TAX (in DA)
1965	11,680	137,900	445,020	105,500
1966	11,920	147,090	631,420	110,900
1967	10,040	134,100	588,260	101,400
1968	10,160	112,560	535,590	105,600

(1) Navigation and weather bulletins, medical advice

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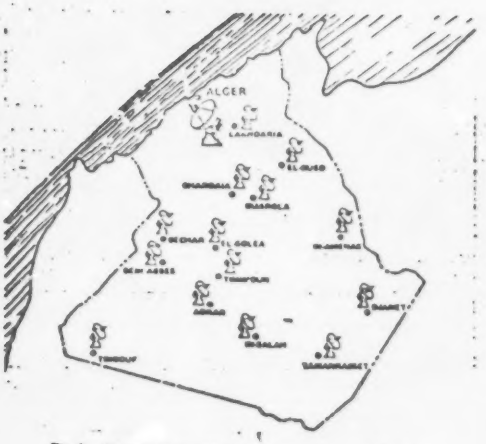


Fig. 1. Algerian domestic satellite system -- configuration

Source: Bairi, A. and J. Leonhard, "A Domestic Satellite Communications System for Algeria", Proceedings of the IEEE International Conference on Communications, June 1975.

million for the construction of a 325 km underseas cable from Algiers to Majorca. In July of 1975, AT&T installed a three circuit direct telecommunications link between Algeria and the U.S. via the new ground station in Sakhardia. According to the second four year plan, "Automatic equipment will also be installed for inter-Maghreb communications. Communications with the rest of Africa will be improved."[10] Furthermore, "the growing diversity of the national economy and the extent of Algeria's relations with foreign countries make an efficient telex system necessary. The objective of the current Plan is to extend telex service by 25% a year."[11] Primarily because of Algeria's extensive involvement with transnational corporations the telex traffic has increased considerably over the past years. Outgoing messages in 1974 increased 20% over 1973 and incoming messages 49% over 1973. According to a source familiar with Algeria's telecommunications system, international communications are often monitored by the Algerian government and computer communications are forbidden because of the government's inability to effectively monitor them.[12] The principal users of the telex systems within Algeria are the government enterprises and foreign companies. Between 1961 and 1968 telex communications increased at a rate of 64% and inland telephone calls at a rate of 42% evidencing the relatively higher growth and importance of telex communications. Projections by the Algerian government from 1968 to 1972 showed telex traffic increasing at a rate of 40% and telephone calls at a rate of 15%. Such figures seem to suggest the predominantly industrial use of telecommunications in Algeria both by state and foreign companies.

Though the Algerians are now dependent upon foreign suppliers of telecommunications equipment (ITT, GTE, Ericsson, Nippon) they are undertaking a development project with ITT to manufacture their own telephone equipment. In September of 1975 the Societie Nationale d'Electricite contracted with the Spanish subsidiary of ITT for $318 million to construct a telecommunications manufacturing plant in Tlemcen. The plant is scheduled to be operational by 1980 and annually producing 20,000 electronic switching lines, 80,000 crossbar telephone switching links, and 140,000 telephone sets. ITT will train 2,850 workers and technicians as a part of the project. In December of 1974 GTE signed a contract with SONALEC to develop a home electronics plant at a cost of $250 million for a fully integrated electronics line for manufacturing home entertainment products. The factory would manufacture all the necessary components for the production of television sets (black and white and color), radios, tape recorders, UHF and VHF tuners, and cathode ray tubes. By 1979 the factory is scheduled to be turned over to the Algerians and producing: 190,000 B & W TVs, 50,000 color TVs, 450,000 radios, 70,000 tape recorders, 250,000 UHF VHF tuners, and 238,000 cathode ray tubes. According to sources familiar with the project, the intention is first to develop products for the domestic market and then for the African markets. A wire factory is also planned for Ain Befla and an electronic institute to train electronic technicians and engineers in Tlemcen is also underway.

In summary, Algeria's current telecommunications system is one which had to build upon a war-damaged and aging colonial system. It is

still relatively undeveloped--approximately one phone per 730 people--and is most efficient and developed within the large urban areas, Algiers, Oran, and Annaba. Intercity calls are difficult to make and calls to outlying rural areas or remote villages and cities even more so. The principal users of the telecommunication system are managers and administrators in the government administration and state enterprises. Telex communications are in growing use among state and foreign firms both for domestic and international communications. In its second development plan the government is spending in excess of $500 million to expand and improve the telecommunication system. A domestic satellite system was recently completed to introduce telecommunications and broadcasting services into remote areas of the Sahara. Much of the money slated for telecommunications development is concentrated on expanding existing telephone and telex communications in major urban areas and to provide home plants for the manufacture of switching equipment and electronic components. By 1980 the government expects to have a total of 672,000 telephones, the vast majority of which will be for commercial, governmental, and military communications.

C. Socio-Economic and Political Benefits From Telecommunications Development

In determining the socio-economic and political beneficiaries of Algeria's telecommunications development, the assumption is made tha the ability to effectively transmit, process, receive, and monitor information is essential to all forms of political, social, and economic organizations. (See Arrow, 1973). Consequently, access, use, and control over information technologies, and more specifically, telecommunications technologies, is assumed here to be a benefit. Three types of benefit are considered, social, economic and political. Social benefits from telecommunication result when certain groups are able to better communicate with one another, and thereby better define and maintain their common social interests. Economic benefits, on the other hand, are of two sorts, those that result from a direct increase in income through the sale of telecom equipment and services, and those that result from the indirect benefits that telephony provide for the better organization of economic activities. Finally, political benefits are here seen as resulting from the control over the pattern, flow, and content of information, and from the control of the allocation of telecommunication resources.

Because the Algerian government owns and manages all major industry, and is using telecommunications primarily to assist the development of government enterprises, the working hypothesis of this study is that the principal socio-economic and political beneficiaries of telecommunications development in Algeria are those who work for the government. Contrarily, those who do not work for the government or have no government

affiliation, are hypothesized as deriving little or no socio-economic or political benefit from telecommunications, and quite possibly, are in a relatively weaker position, economically, politically, and socially as a result of telecommunications development. In effect, there appears to be emerging within Algeria a "new class", which by virtue of being a part of the government, or rather, by constituting the leadership, management, and work force of the government, receives the lion's share of its socio-economic and political privileges . This group is predominantly young (under forty), Arab, urban, well educated, French speaking, and often trained in some technical capacity. Furthermore, its salary levels, though relatively flat by Western standards, are up to ten times those that work outside the governmental sector. In contrast to this relatively small but highly influential group of individuals are those who comprise the majority of the population: the rural, uneducated, and exclusively Arabic or Berber speaking people . By not working for a government enterprise and not being a part of the government administration proper these peoples appear to have little or no access to the telecommunications systems, and hence none of its benefits - direct or indirect.

The following chart lists the socio-economic and political benefits on the bottom of the page and the potential beneficiaries down the margin. Notice that the various beneficiaries are grouped according to whether or not they are a part of the government, those on the left being government interest groups and those on the right simply non government interest groups.

There is also a third class of beneficiaries, which have a

SOCIO-ECONOMIC AND POLITICAL BENEFITS OF TELECOMMUNICATIONS DEVELOPMENT

	Government Affiliated Groups					Non Government		
	CNRA	Ministries	Middle Level Managers	Military	Banks & Multi-nationals	Rural Sector	Traditional Sector	UAW/FLN
Political								
1. Influence over the patterns of information flow	*	*	*	*				
2. Use of intra-urban communications	*	*	*	*	*			
3. Domestic telex communications	?	*	*	?	*			
4. International telex communications	*	*	*	*	*			
5. Increased use of telephony	*	*	*	*	*			
6. Long distance telephony use	*	*	*	*	*			
7. Control over communications technology selection and allocation	*	*	*	*	*			
8. Use of private lines	*	*	*	*	*			
9. Control and monitoring of information content	*	*	*	*	*			
10. Control over pricing and subsidies	?	*	?	*	*			
Economic								
1. Income through sale of telecom equipment and services					*			
2. Income through telecom revenues		*						
3. Income from interest development loans					*			
4. Use of telecom for economic activities		*	*		*			
Social								
1. Use of telecom to communicate with others of similar social interests and background	*	*	*	*	*			

government affiliation, but which are not a part of the government or Algeria for that matter, the multinational corporations and banks.

The diagram clearly shows that the distribution of political and socio-economic benefits is determined by government affiliation and that for the majority of the population who do not work for the government, telecom development has little positive impact. One of the key political beneficiaries is the CNRA, the central ruling committee, which through its supreme position of political control is able to use telecommunications to better extend and maintain its authority in political and economic affairs. But also notice that the ministries and their managers also benefit from telecom development, and in fact more so than any other group. For in addition to obtaining political benefits, they also receive economic and social benefits, and it can be asked whether or not telecommunications may not in fact be instrumental in helping this group evolve as a major socio-economic and political force in Algerian affairs. Such an interpretation has support in the observations of many analysts of Algeria, (Waterbury, 1973, Nyrop et al, 1972), who have noted that the technocratic elite through its control over developmental decisions and technical expertise is acquiring an increasing degree of influence in Algeria. Another major group of beneficiaries is the multinational banks and corporations. The Algerian government spent over $500 million on telecommunications development for the 1973 - 1977 development plan, most of which was used to purchase switching equipment, cables, technical services from foreign firms such as ITT, (at least $318 million), GTE (at least $259 million), Ericsson, Nippon Electric, and CGCT of France. To finance its telecommunication and development projects Algeria had to borrow from major international

lending institutions such as the Export-Import Bank and Chase Manhattan. Therefore both the multinational firms and banks are, probably more than any other group, the major economic beneficiaries of telecom development in Algeria, for neither the government nor its state firms at this time have yet to benefit in a major way economically from telecom development.

Though the evidence so far gathered suggests that the socio-economic and political benefits of telecommunications are virtually the sole province of the government and the technocratic elite, the goals of the 1973-1977 Development Plan are for a wider distribution of benefits. The Plan calls for a reduction of regional disparities and an equitable distribution of income, yet for the time being at least, neither income nor regional benefits seem to be equitably distributed, but rather concentrated in those areas and groups dominated by government interests. For by developing their telecommunication systems to improve urban and intra-urban area communications, and by giving government firms top priority in uses of telecom services, the Algerian government is in effect expanding the organizational capabilities of these areas and firms and thereby further concentrating economic and political power within a relatively few groups and urban areas. Although the government is planning to bring telecom services to outlying areas, and thereby, it is contended, improve the regional self-sufficiency of these areas, it can be questioned whether in fact this will actually happen. For example, telecommunication links are being developed to improve services to the 31 wilaya governmental districts, which are not local political districts, but rather administrative districts whose wilaya

93-147 O - 77 - 7

(governor) is appointed by decree and responsible to the Minister of Interior. It can be questioned, therefore, whether the use of telecommunications in this manner doesn't increase the political benefits of the Central government rather than furthering regionalization and a diffusion of political and economic power. Likewise the use of the domestic satellite system raises the same question. Though presented as a means of regionalization and reaching and aiding rural peoples, the system may not function in this manner, for not only will most of the communication be from Algiers to the outlying stations, but communication among regional areas will be seriously limited by the 64 voice duplex limit of the main station. Moreover, the principal users of the stations will be government officials. There may, however, be another rationale for the development of the domestic satellite system and that is that the government wants to extend its influence over its borders and provide telecommunication links for its anticipated road and trade to Niger. In this case, then, the new system may both help trade and give the government a greater influence and presence in its border areas. In any event, it still can be questioned, even in those cases where the government makes a deliberate effort to use telecommunications to benefit those not normally served, such as the people in the traditional sector and in rural areas, whether in fact the effect is a beneficial one and whether it doesn't eventually serve the interests of the government bureaucracy.

Another possible effect of Algeria's current telecom development is to weaken the relative political and economic strength of opposition groups. By using telecommunications to improve the

communication and command capabilities of major state firms and agencies the government is also increasing its means for organizing and furthering its own political interests. Contrarily, the non-government opposition groups such as the UAW and those who continue to support the autogestion movement are without an equivalent means to communicate with and hence, to organize their own constituencies. Lacking the use of telecom services, much less having any control or say in their deployment, non-government and opposition groups are without an effective means for reaching and organizing their regionally disparate constituencies. And even the government worker when he steps outside his governmental role into that of private citizen is also without telecom services, for private phones are extremely scarce, and public pay phones in short supply.

Before summarizing the benefits and disbenefits of Algeria's telecom development, a further look at its economic effects and benefits is warranted. By pursuing a policy of rapid, capital intensive, telecom development, the Algerians have had to pay out the principal share of their telecom investments to foreign firms and banks. While a certain amount of foreign assistance and dependence seems unavoidable, there is the question as to whether Algeria would have had to pay out such relatively large amounts had it taken a slower course of telecommunications development and gradually built up its own technological expertise and production capabilities. The Algerian government appears to be gambling that by 1980, when the economy has "taken off", it will have reached a sufficient level of productivity to pay off and justify its capital debts. However, as a number of development economists have argued (Timmer, et al.,

1975), in developing countries where capital is in short supply, investments in capital intensive industries, or "modern" industries that require capital-intensive technologies, often result in increased unemployment, under utilized facilities, and massive capital debts due to unrealized or non-existent markets. Telecom systems may be one form of capital intensive technology that is an exception to the rule, for, as the previously cited World Bank sectoral paper on telecommunications pointed out, telecom systems tend to pay for themselves in a relatively short period of time. However, when purchased in large amounts from foreign firms requiring outside financing, telecom systems can nonetheless create a balance of payments problem. In Algeria, where there is a projected balance of payments deficit for 1975 between 1 and 2.5 billion dollars, it can be a question whether a less rapid, capital-intensive, and foreign-dependent communications development strategy might not have been preferrable. If oil prices do not rise, and food production fails to keep pace with population growth, then Algeria may find itself in the same position that India was earlier, having to forgo purchases of foodstuffs in order to pay off old international debts.

In conclusion, then, available evidence suggests that the overall socio-economic and political benefits of telecommunications are confined to those groups and interests within or working in conjunction with the governmental sector. In other words, telecom development appears to be contributing to a concentration of political and economic influence rather than a diffusion of it-- in contrast to the explicit goals of the 1973-1977 Development Plan. The following are summaries of the socio-economic benefits and disbenefits:

Groups with Benefits

1. Increased political influence of central government and ministries within both urban and rural areas.

2. Furtherance of the formation of a "new class" of technocratic elites.

3. Increased government access to outlying areas and administrative districts.

4. Improved telecommunications facilities for multinational firms and state enterprises.

5. Additional income for multinational corporations through contracts for telecom equipment and services.

6. Increased government control over the pattern, flow, and contents of information.

Groups with Disbenefits

1. For non-governmental groups and political opposition groups a relative reduction in their political, social, and economic influence.

2. For the private citizen a relatively limited use of telecom systems.

3. A current dependence upon foreign assistance and loan payments to outside lending institutions.

4. A concentration of socio-economic and political influence within urban areas and hence a continuance of urban migrations and social dislocations.

D. The Cultural Benefits of Telecommunications Development

For developing countries, social and economic development often entails the modification, if not the loss, of basic cultural traditions and values. In those developing countries which are composed of many different cultural groups, the demands of nation building and modernization may also entail the subordination of one cultural group's traditions and values to another's.Likewise, rapid industrialization can have the effect of encouraging the adoption of foreign values and cultural patterns over more indigenous ones. Consequently, periods of rapid social change can be seen as having different cultural benefits as well as social, economic and political benefits.

In this study cultural benefits are said to occur when a particular cultural group has its values, language , religion, traditions, and basic patterns of living enhanced through telecom development. In Algeria, the government has taken the position that the preservation of its Arabic heritage and culture is a principal component of national development. Through its support of "Arabization" programs and the Muslim religion, the government has attempted to prevent the erosion of its cultural traditions by the forces of modernization. However, it can be questioned how successful the government has been in this endeavor, for by pursuing a policy of rapid industrialization in key urban areas and thereby concentrating social and economic opportunities within the urban and more Westernized areas, the government may well be undermining those village, tribal, and familial structures such as the "ayla" (patrilineage) that provide the substance of its Arabic and Muslim heritage. Furthermore, the secular, Western based, and urban values which appear to be required

by rapid industrialization and technological advancement may likewise undermine both the relevance and importance of the Muslim religion in everyday affairs. The youth, for instance, because they are more receptive to change, have become progressively divorced from their traditional and familial ties, with the consequence that cultural and generational gaps have been introduced between young and old, parent and child. The State Department Handbook on Algeria makes this point:

> "Change in the realm of social institutions and values so pervaded Algerian society that according to observers only two Berber groups, the Tuareg, and the M'zabites, were immune, although increased tourism and the general spread of modernization also began to touch them. In addition to great fluidity in social relations and substantial opportunities for social mobility for the educated, a widespread result was a feeling of insecurity, which some observers call a malaise. An Algerian observer has reported a high level of barbituate use in Algiers, estimating that 75% of the youth between 15 and 19 years of age use barbituates. The observer maintains that for cities of its size, Algiers has the highest per capita suicide rate in the world." [14]

The change in living patterns, styles of dress, and consumption, along with the growing number of "bidonvilles" (squatter settlements) evidence a high rate of social change, which appears to have eroded traditional structures for social coherence and coping.

The problem of cultural change and conflict clearly comes into focus with the language issue. Though the government is pursuing a policy of teaching Arabic in the elementary schools, French continues to be the language of business, commerce and higher education and "some observers have suggested on the strength of these observations that the country seemed to be producing a French speaking elite and an Arab speaking mass." [15] The influence of French and Western cultural values is also

strong, as "French mass magazines have widespread circulation and the French fads and fashions are closely followed... The French version of the newspaper, El Moudjahic outsells the Arabic language version by ten to one."[16] On the basis of the evident popularity of French culture and language, the question arises as to whether the French colonial legacy does not continue to exercise considerable influence in Algerian affairs, and may in fact provide a socio-cultural model for their own development.

In the accompanying diagram six types of cultural benefits are listed and across from them four different cultural groups. The diagram supports the view that telecommunications as it is now used in Algeria benefits the modern "technocratic" culture, referred to earlier as the "new class" and the youth segment of Algeria, who are also a growing part of this "new class". The reasons for this pattern of cultural benefit distribution are fairly obvious, given the fact that telecommunications is predominantly in use in urban areas and primarily accessible to those with a government affiliation. Moreover, as a modern form of technology which requires at least some education to use, it is unlikely to have a widespread use or purpose in rural or traditional communities - even if the the facilities were widely available in those communities. Though the government is attempting to use the satellite system, for example, as a means of "reducing regional disparities", the flow of communication and influence will be predominantly from Algiers to the outlying regions. Moreover, as the administrators and technicians of these outlying stations will in all likelihood be the principal users, and are themselves appointed by the central government, they in turn may act as the

SOCIO-CULTURAL BENEFITS OF TELECOMMUNICATIONS DEVELOPMENT IN ALGERIA

Benefits	Cultural and Social Groups			
	Arab Speaking Traditional Rural	French & Arab Speaking Urban-Modern	Berber Traditional	Youth Modern
1. Reinforces use of language		*		*
2. Reinforces group solidarity/ identification		*		*
3. Reinforces living patterns		*		*
4. Reinforces norms and values		*		*
5. Furthers expression and communication of cultural forms		*		*

conveyors and disseminators of urban culture. Therefore, whereas telecommunications may help link up remote areas to urban centers, it also has the effect of breaking down the isolation of remote cultures--especially Berber groups, and making them more vulnerable to outside influences. When the nature of the communication is one-way and relatively technologically sophisticated--satellite color television, for example--the question naturally arises as to whether such communication links might not serve to weaken Berber and traditional cultures, and thereby make their peoples more dependent upon the central government for a definition of new cultural roles and norms. Such dependence might then only further the government's influence and power.

E. Footnotes

1. World Bank, Telecommunications: Sector Working Paper, Nov. 1971, p. 6.
2. Algerian government, Post Office, SNED, 1970, p. 45.
3. Ibid., p. 52.
4. Algerian government, Algeria: Second Four-Year Plan 1974-1977, English language version, Chase Manhattan Bank, 1975, p. 147.
5. The Economist Intelligence Unit, Quarterly Economic Review, No. 4, July 1975, p. 12.
6. Ibid., p. 11.
7. Ministry of Posts and Telecommunications, Algeria: Domestic Satellite Communications, p. 4.
8. Ibid., p. 6.
9. Bairi, A. and Leonhard, J., "A Domestic Satellite Communications System for Algeria", Proceedings of IEEE International Conference on Communications, June 1975, p. 1.
10. Ibid., p. 4.
11. Algeria: Second Four Year Plan, 1974-1977, p. 148.
12. The Munitions Board prohibits the sale of computer monitoring equipment to Algeria.
13. Ibid., p. 148.
14. Nyrop, R., et al., Area Handbook for Algeria, U.S. Government Printing Office, 1972, p. 151.
15. Ibid., p. 121.
16. Ibid., p. 122.

IV. EDUCATIONAL TELEVISION IN EL SALVADOR

A. The Stated Goals of the ETV Project in El Salvador

From 1968-1972 El Salvador instituted a number of social and economic development programs aimed at modernizing the economy and "significantly improving the conditions of life of the people"[1] (Economic and Social Development Plan 1968-1972). The intent, as expressed in the four year development plan, was to implement educational and economic changes which in time would "significantly advance the social progress of the people, especially in health, education, and housing."[2] Educational reform was introduced not only to educate larger numbers of people and to "improve the quality of the curricula"[3] but also as a means for reducing unemployment and providing a semi-skilled labor force for anticipated industrial growth. According to the United States Agency for International Development's final report on Educational Reform in El Salvador, "the underlying premise of El Salvador's Educational Reform was that the nation's development required not only more educated people but also people trained in the kinds of middle level administrative and technical skills that would permit industrialization to occur at an increasing rate."[4] Educational Television was seen as a means of facilitating this end for it was felt that ETV would be a valuable aid to instruction and an "instrument for informing and orienting the teachers."[5]

B. Goals of El Salvador Study

This study examines the role of ETV in El Salvador as it influenced the distribution of two types of benefit: economic, as roughly measured in income, and political, as reflected in the access to and control over the critical resources and means required to achieve personal and collective ends. Principal groups are identified to see which achieved a net increase in benefit as a result of the introduction of ETV, and an analysis made of those organizational, political, and situational factors that affected benefit distribution. One of the underlying assumptions of our approach is that educational policy, and hence the implementation and use of educational television, does not exist in isolation from other policy considerations, but is shaped and affected by economic and political events and actors outside the educational arena proper. Therefore, in examining how educational television was used in El Salvador, political and economic factors will be analyzed to see whether they had any effect upon the manner in which ETV was used to achieve increased benefit.

C. Background Information on El Salvador - The Introduction of ETV

El Salvador suffers from a dearth of natural resources and a high population density and birth rate. It is dependent upon the export of coffee and cotton as a primary income source in a declining world market. It fits the classic definition of a dual economy (large primitive or subsistence sector with a small industrial sector) which is both undiversified and tightly controlled by an economic "elite". It has the greatest gulf of any Latin American country between the rich and the poor, and it is suffering from a shortage of domestic foodstuffs.[6] Unemployment is very high and human resources poorly developed, having a literacy rate of only 50%. Over the last ten years, El Salvador has been gradually attempting to diversify its economy and build up an industrial and commercial base. With the creation of the Central American Common Market in the 60's its industrial sector experienced a short term growth which the Honduras War in 1969 quickly dampened.

Nine of the last ten of El Salvador's presidents have come from the military. The military in conjunction with a small economic elite effectively run the country, though increasingly through the channels of a quasi-representative and constitutional government. Historically the country has vacillated between periods of repression and reform, when presidents chosen from the military either tightened or loosened the reins of power to maintain the oligarchy's control. The vast majority of the wealth is concentrated in the hands of the plantation owners, and more recently, the new industrialist, whose alliance with the military has been both strong and enduring.

The period prior to the introduction of ETV in 1968 was one of considerable political unrest and transition. In 1960 President Jose Trevies had been ousted and his party (Partido Revolucionario de Unificar Democratica-PRUD) had been banned. This party had been in power under military backing for ten years (two current presidential terms), and while initially progressive, became increasingly more repressive. During this time there was no opposition party and power was firmly in the hands of the military-plantation elite. Trevies was deposed by what the State Department Handbook describes as a group of "leftist army officers and civilians ... which were considered pro-Castroite."[7] However, this coup was short-lived, as very shortly thereafter the leftist junta was in turn deposed by a more conservative junta. They formed their own party (Partido de Conciliacion-PCN) largely from the old members of PRUD and came to power in the boycotted elections of 1962. Both because of declining revenues from coffee export and growing public antipathy towards the Military, the new President Colonel Rivera was under pressure to institute a number of reforms which, to a limited extent, he did. In 1967, one year prior to the adoption of ETV, a new election was held which for the first time in many years an opposition party, the Christian Democrats (PDC) was permitted to run. This party was more reform-minded than the PCN and actively opposed the influence and power of the military. In the campaign of 1967 the PCN candidate Colonel Hernandez campaigned actively for reform, especially educational reform, and succeeded in becoming elected.

Educational Television was first proposed in 1961 by Walter Beneke, then ambassador to Japan. He commissioned Nippon Hoso Kyoki of Japan to do a feasibility study on the uses of ETV in El Salvador, which concluded that "Salvador possessed excellent topographical conditions for the installment of a national television network."[8] In 1963 President Rivera established the Educational Television Mission, which Beneke then headed upon his return from Japan in 1965. The Commission decided that an educational television project should be undertaken and that it should be directed towards grades 7-9 for

> according to the final USAID report, it was the lack of opportunity and the low quality of instruction at this level that was believed to constitute the 'bottleneck' to El Salvador's development. Instructional Television, the Commission members believed, would compensate for the many unqualified secondary school teachers, who in turn, could be trained in a short time to become effective monitors within the television classes."[2]

In addition, the Commission concluded that ETV should be "administered by an autonomous institute directly under the President."[9]

Originally the government's plan was to seek the assistance of the World Bank in financing and setting up the ETV network. However, in 1967 Colonel Hernandez attended a conference of hemisphere presidents in Punta del Este, Uruguay, where

> President Lyndon Johnson set forth the U.S. proposal to sponsor a pilot instructional television program in Central America.[10]

He then evidently changed his mind over obtaining World Bank support and "vigorously backed the ETV Commission efforts to put its case before the appropriate USAID officials."[11]

In 1967 the U.S. National Board of Educational Broadcasters under contract to USAID conducted a feasibility study and found that circumstances favored the adoption of ETV in El Salvador.[12] Initially, the AID experts wanted the program directed towards the primary school level, but the Salvadorans objected, and successfully argued that the Plan Basic (grades 7-9) should receive initial attention.

The Salvadoran argument was in part based on their knowledge of a serious imbalance in the preparation of teachers and available job opportunities. The training schools for primary teachers were producing graduates far in excess of the system's ability to absorb them. In 1967 it was estimated "that over 2,000 primary school teachers were unemployed, yet the normal (training) schools were continuing to expand."[13] Hence, the secondary schools and their "archaic curricula" and "unqualified teachers" were seen as an impediment to El Salvador's need "to train middle level technicians and managers who would work effectively in the industrial sector."[14]

AID officials also differed with the Salvadorans' recommendations on the location of responsibility for the project, feeling that it should be located in the Ministry of Education where it could take root and achieve more lasting effects. The Salvadorans, on the other hand, wanted an autonomous institute under the President. However, the matter apparently resolved itself when Walter Beneke was appointed Minister of Education, for according to the final report of the USAID commissioned study, ETV was then "guaranteed strong political support of the highest level."[15] USAID agreed to provide $650,000 for start-up and equipment costs and an additional $1.9 million for the purchase of additional receivers and

93-147 O - 77 - 8

transmission facilities. Training and transmission facilities were located in San Salvador, with receivers located in rural and community schools (32 receivers for each grade 7-9). By 1972 the project was employing over 800 new teachers and 200 staff persons and the overall education budget was absorbing approximately 30% of the total national budget. According to an AID sponsored evaluation of the ETV project, the ETV students were learning 15% to 25% more than their counterparts.[16] Moreover, school enrollment for the seventh grade had increased from 22,967 in 1967 to 65,390 in 1972, an increase of nearly 300%. The changes, though massive, were rapidly introduced, and a five year timetable strictly adhered to, as it

> coincided with the single term of President Fidel Sanchez Hernandez and Minister Beneke was anxious to prevent the President's mandate from being undermined or stalled through bureaucratic opposition or delays.[17]

D. Socio-Economic Benefits of ETV

There are two types of economic benefits to be assessed here; those that are a direct function of the project, in terms of salaries, contracts, and employment and those that are anticipated to result as a consequence of the project, new jobs for students with a 9th grade education. As the curriculum and the design of the ETV project were geared to achieve this second form of economic benefit, and loans and budgetary expenditures were justified for this end, it will be regarded as the principal project objective. Therefore the intended beneficiaries of the ITV project were the 9th grade graduates who for the most part lived in rural areas and were poor. According to the Economic and Social Development Plan for

1968-72, they were expected to achieve a significant increase in the "conditions of their life and be the beneficiaries of social progress."[18]

However, the key to the students' benefiting from their new form of education depended not just on their acquisition of the requisite skills to complete the 9th grade, but, more importantly, on the relevancy of those skills to producing income, and the availability of sub-professional employment. Preliminary findings of the USAID commissioned report, indicate despite a growing economy, due to a very high birth rate (3.3%), unemployment continued to be a major problem in El Salvador, and that the new graduates of the ETV project had a difficult time finding employment. Out of a sample of 56 students studied in the USAID report, half were unemployed.[19] The authors of the report warn that "El Salvador may be in for trouble in the future if job opportunities cannot be found for 9th grade graduates and aspirations are transferred into increased frustration and social unrest."[20] The same report also questions whether the education offered the students was indeed of superior quality for it

> "may be that the influx of teachers recruited from the ranks of former primary school instructors has meant a change in standards, and new teachers promoting less qualified students. Also while such pressure is hard to document, the Ministry may have let school directors and teachers know that it expected more students to pass through the system with a resulting increase in promotion rates."[21]

Although there is no direct evidence at this time that the use of ETV materially benefited the students, there is evidence that it increased their aspirations with the result that many of them wanted to stay in school to receive a high school diploma.[22] This was not what the

Ministry of Education had intended, as the universities and the high schools were already oversubscribed and the prospects of obtaining professional employment were even dimmer than those at the sub-professional level. Nonetheless, many of the students elected to stay in school even though the job market was not good. Furthermore, nearly 25% of the students changed their residences in order to attend high school, thereby placing an additional financial burden upon themselves and the urban areas, where housing facilities were in scarce supply.

With respect to the economic welfare of the students, the intended beneficiaries of the project, the use of ETV to produce new sources of income through employment raises some serious questions. First, there is the question whether through ETV the students were able to obtain the work skills they needed. Experience in the United States with similar manpower problems in Job Corps, for example, has shown rather conclusively that unless education is directly linked to available jobs, it is a poor, if not counterproductive, means for increasing income.[23] Adelman and Morris (1973) in their statistical evaluation of development projects in 74 countries even question the desirability of the goal of training rural poor to fill urban industrial jobs, arguing that from their findings, the resultant migration and the consequent breakdown in the domestic market structures accentuates the poverty of the poor in absolute terms. The second major question is whether the modern urban economy of El Salvador can absorb the influx of new job applicants, and if it cannot, what effect their migration to the city will have upon its housing, health, and social welfare facilities. It may be that by using ETV to stimulate urban migration, El Salvador is using one arm of its government to create

problems for another. While this cannot be documented at this time, evidence from other LDCs in similar predicaments strongly suggests that this may be the case.[24]

The other group of beneficiaries that the ETV project was intended to help through retraining and the expansion of secondary school facilities were teachers. At the time of the implementation of ETV the majority of teachers were experiencing severe economic difficulties. A large percentage of them had to hold two jobs and commute back and forth between urban and rural areas and hence they became known as "taxi-teachers."[25] In addition, the training schools for primary teachers were producing more teachers than the school system could absorb, and consequently around 2,000 primary school teachers were unemployed. While the ETV project and the Education Reform helped hire additional teachers, there was considerable resentment among the teachers over the investments in television facilities and materials when salaries were so low and the schools themselves in disrepair.[26] Moreover, because of the rapid rate of expansion, many secondary school teachers were asked to assume additional duties without requisite compensation. For the introduction of ETV was accompanied by an increase in the number of students per classrooms (35 to 45) and an increase in teacher load (40% additional classroom hours) with only a 20% increase in pay. Furthermore, teachers had to attend training sessions during their vacation periods without pay. Judging from this evidence and the fact that the teachers' union, ANDES, launched two national strikes during the project in protest against the expenditures of ETV, the lack of salary increases, and poor working conditions, it can be questioned whether they were one of the major economic beneficiaries of the project.

An examination of the budget for Educational reform from 1966 to 1973 shows that of the $29 million spent, 71% or $21 million was for capital or investment expenses of which $3.6 million was for ITV. The largest single ETV cost was $1.9 million for new transmission equipment and studios, whereas the largest overall capital expenditure, $17.5 million, was for the construction and equipping of new primary and junior high schools. The economic beneficiaries of these expenditures would be those companies which supplied the hardware and constructed the new classrooms. In terms of income benefits directly related to the ETV project the American and foreign advisors seemed to have benefited proportionately more than their Salvadoran counterparts, for according to the USAID report, the government objected to "spending its money ($1.9 million loan from USAID) to support foreign advisors, especially the North Americans, who customarily commanded large salaries, cost of living allowances, and other benefits."[27]

The following fact sheets provide background information on the gross economic situation of El Salvador and the four tables show the costs and expenditures of Educational Reforms and ETV from 1966 to 1973.

Table 3 shows that the cost of educational television only becomes less than thirty percent of the non ETV educational costs when the number of students enrolled exceeds 25,000. However, as the experience of teachers' strikes demonstrated, when student enrollment increases without parallel increases in the number of teachers and facilities, the stresses on the teachers reach a breaking point; teachers demand pay increases and reduced work loads. The Salvadoran government resisted the teachers' demands so as to keep educational costs down, as reduced cost was one of the rationales behind ETV's use. However, in order to reduce the per

GENERAL AND ECONOMIC BACKGROUND DATA

Population: 3.5 million; roughly, 2,500 per square mile
birthrate; 3.3%
literacy; 35% rural areas, 73.2% urban areas

Income Distribution:

bottom 60% of population has smallest total income of any other Latin American country; top 20% has greatest share.

66% of population yearly income below $135 in 1961

	Percent of Total Income	
	1945-1956	1961
Poorest 60%	32.2	20.8
Following 20%	14.8	17.8
15% below top 5%	17.4	28.4
Top 5%	35.5	33.0
Top 1%	22.0	18.0

Ownership of Land:

42.6% of cultivateable land owned by 1% of population
78.2% of population owns 11% of land

Manpower:

58% of work force in agriculture
13.5% in manufacturing
20% in commerce and services
7.5% in transport, construction, and electric power
1% other activities
6% of workers in unions in 1963
3.1% projected increase in new jobs for 1969

Unemployment rate estimated to be around 25 to 30%

Balance of Payments (in millions of dollars):

	Projected
1967	-45.3
1968	-51.2
1969	-53.9

Total Number of Persons Involved in ETV Project 1968-1971:

Teachers	900
Staff	200
Foreign Advisors	80
Students	32,000
Administrators	15
Total	33,095

Estimated Short Term Economic Beneficiaries: (excluding those benefiting from construction, hardware, and equipment contracts)

Foreign Advisors	80
Staff	200
Administrators	15
Total	295

Total Cost of ETV from 1966 to 1973: $7.28 million

Total Cost of Educational Reform from 1966 to 1973: $29.84 million

TABLE 1

TOTAL COSTS OF EDUCATIONAL REFORMS IN EL SALVADOR, 1966-1973
Including all grants and loans

(In millions of dollars)

Major Categories	1966 and 1967*	1968	1969	1970	1971	1972 and 1973*	Total	% of total
A. Operating Costs:								
ITV			.28	.36	.44	1.00	2.08	7%
Non-ITV			.44	.88	.60	1.36	3.52	12%
Total			.96	1.24	1.04	2.36	5.60	19%
B. Capital Costs:								
ITV		.96	.28	.28	1.80	.32	3.64	12%
Non-ITV		.24	.04	.68	5.00	11.56	17.52	59%
Total		1.20	.32	.96	6.80	11.88	21.16	71%
C. Non-Recurrent Start-up Costs:								
ITV	.08	.32	.32	.24	.20	.40	1.56	5%
Non-ITV	.24	.12	.12	.12	.36	.56	1.52	5%
Total	.32	.44	.44	.36	.56	.96	3.08	10%
Total								
ITV	.08	1.28	.88	.88	2.44	1.72	7.28	24%
Non-ITV	.24	.36	.84	1.68	5.96	13.48	22.56	76%
Grand Total	.32	1.64	1.72	2.56	8.40	15.20	29.84	100%

* - Estimated, two years together.

Adapted from Tables 2.5 and 2.14 of full report.

Source: Hornik et al., Television and Educational Reform in El Salvador, Institute for Communication Research, Stanford University, 1973.

TABLE 2

COSTS OF ITV IN EL SALVADOR COMPARED TO OVERALL EDUCATIONAL BUDGET

1968-1971
(In millions of dollars)

Item	1968	1969	1970	1971
ITV Costs of Ministry of Education				
Operating Costs (not including foreign grants)	-	.28	.36	.44
Capital and Start-up Costs(not including foreign grants)	1.12	-	.24	1.80
Total Costs	1.12	.28	.60	2.24
Total of Domestic Funds only (excluding foreign loans)	1.12	.28	.60	.52
Budget Expenditures of Ministry of Education				
Operating Expenses	19.64	21.16	22.36	25.96
Capital Expenses	.68	.28	1.44	11.76
Transfers to Universities and "Government Corporations"*	4.72	5.28	6.16	6.80
Total	25.04	26.72	29.96	44.52
ITV as a Percentage of:				
Operating Budget	-	1.3%	1.6%	1.7%
Capital Budget	**	-	16.7%	15.3%
Total Budget of Ministry of Education	4.4%	1.1%	2.0%	5.0%
Total Budget of Ministry of Education Excluding Foreign Loans	4.4%	1.1%	2.0%	1.2%

* Consists primarily of amounts for the support of the National University, both operating and capital.

** Not applicable because ITV capital costs were not included in the capital budget of the Ministry of Education.

Adapted from Table 2.6 of full report.

Source: Hornik et al., op cit.

TABLE 3

ANNUAL COSTS PER STUDENT OF ITV PROGRAMS FOR JUNIOR HIGH SCHOOLS

1969-1972

Item	1969	1970	1971	1972*
Operating Costs				
Overall cost of ITV Programming	$292,000	$344,000	$388,000**	$396,000
Number of Students in Teleclasses	2,000	10,000	25,000	40,000
Annual Operating Cost per Student	$146	$34.40	$15.60	$10.
Recurrent Capital Costs				
Transmission Facilities: Annual depreciation assuming 10 year life	$32,800	$32,800	$32,800	$208,000
Annual Cost per Student	$ 16.40	$ 3.20	$ 1.20	$ 5.20
Receiving Sets: Annual depreciation assuming 5 year life	$2,800	$10,800	$10,800	$30,800
Annual Cost per Student	$ 1.20	$ 1.20	$ 0.40	$ 0.80
Total Annual ITV Cost per Student	$163.60	$34.80	$17.20	$16.00
Total Annual Cost per Student at Junior High School, not including ITV	$92.40***	$96.00***	$101.20***	$104.00*

* Estimated

** Total outlay prorated between ITV and special programs.

*** Does not include capital costs, for which data were not available.

Adapted from Table 3.6 of full report.

Source: Hornik et al., op cit.

Table 4

[illegible] of TPP in El Salvador for Third Cycle Schools*
(Thousands of 1972 $ Dollars)

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
[illegible]																							
Facility					336	168	36	36															
Equipment			30	270	60	666							30	270	60	666							
Operations				300	270	510	690	630	690	690	360	360	360	360	360	360	360	360	360	360	360	360	360
Start-up	30	30	300	360	240	210	300	300	180	30													
Video-Tape				51	51	51			51	51	51				51	51	51			51	51	51	
[illegible]																							
Facility					36	12	6	6								6	6						
Equipment						666											666						
Operations				30	30	60	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
[illegible]																							
Classroom Air-conditing			1000																				
Equipment			30		180	150	150	33	66	99	33	33	33	30	33	30	30	30	33	30	30	22	30
Replacement								30		180	180	180	180	60	60	180	180	180	60	210	150	171	120
[illegible]	30	30	1330	1041	1121	2361	882	843	717	891	735	630	720	951	936	2646	786	606	846	852	720	723	540
[illegible]				(900)	(600)	(900)	(1440)	(120)	(270)						45	45	45	45	45	45	45	45	45
[illegible]	30	30	1300	321	621	981	960	903	717	891	756	630	726	951	979	2661	966	729	759	877	813	768	585
[illegible]				3	16	32	48	80	72	85	146	187	130	111	123	170	126	170	121	116	130	144	160

Source: Hornik et al., op cit.

student cost of ETV it was necessary to greatly increase the number of students. It would appear, then, that ETV may have put the Ministry of Education in a "catch 22" type situation: in order to reduce per student costs, student enrollment had to be increased, but increased enrollment meant additional teachers and facilities, and hence, increased costs.

As the cost figures in Table 3 make abundantly clear, the per student costs of ETV drop dramatically as the number of students increases. But what they do not show is the cost of ETV in terms of each student employed. If, for example, instead of dividing the total ETV costs by the total number of students enrolled, total costs were divided by the number of students finding employment, the per student costs would be, in all likelihood, considerably higher. For, despite the 1965-1969 Development Plan's projection of 152,000 new jobs, only 9,000 of these would reduce the level of unemployment, as 143,000 new workers would also be entering the job market during the same period. Consequently, new employment opportunities would be limited for graduating students. Assuming that only half the students find employment, as preliminary findings suggest, then the costs would be double of those shown in Table 3. Yet even these figures may be optimistic, as there is a ceiling on the number of jobs available and therefore the percentage of students finding new jobs would decline as the number of graduating students increases.

Considering the size and the capital intensive nature of the investments made in Educational Reform and that nearly $16 million in loans will have to be paid off, there is the real prospect that the entire educational reform effort may have placed a considerable future financial burden on the country without appreciably increasing the income levels of

the students. If this turns out to be the case, then the sole economic beneficiaries will be those who were directly supported by the project through their salaries: the technical advisors, staff personnel, and the suppliers of equipment and materials.

E. Political Benefits of ETV

The political circumstances preceding the adoption of ETV in El Salvador suggest that it may have had political as well as educational uses. The counter coup which led to the formation of the PCN and the election of Colonel Pivera as its first president was not altogether a popular act. Moreover, the PCN and the ruling oligarchy was under increasing pressure to do something about El Salvador's pressing social and economic problems. The elections of 1967 brought the issue of reform to a head when the opposition party of the Christian Democrats actively criticized the PCN for its close affiliation with the military and its insensitivity to problems of social reform. Consequently throughout his presidential campaign the PCN candidate, Hernandez, made a point of demonstrating his party's concern for social and economic reform. Furthermore, as the PCN had taken power through extra-legal means (the counter coup) they were eager to both establish a popular base and to weaken the support of the newly formed Christian Democrat party. For the newly elected PCN president, therefore, it was important that the Educational Reforms promised in the election be accomplished within the five years of his term, otherwise

his party would be open to further criticism in the 1972 elections, and its legitimate political base possibly weakened.

What Hernandez needed was a visible sign of the government's commitment to reform, which was both politically acceptable to his own party and to the general public. Educational television seemed to provide the ideal solution for it was well suited to centralized mass education, newsworthy, and technologically innovative. The final report of the USAID commissioned study on educational reform in El Salvador makes a similar point:

> ITV was unquestionably the most visible and highly publicized of El Salvador's educational reforms. Throughout the 1960's, articles appeared in the nation's press documenting the early interest in ITV and subsequently recording the government's efforts to construct a new studio and install television sets in Salvadoran schools. The inauguration of the San Andres studio by Presidents Fidel Sanchez Herandez and Lyndon Johnson in July, 1968, was the high point of such coverage for it focused public attention on the ITV project .... In 1970, when a sample of parents were asked to recall what they knew about the Educational Reform, most could only remember television. [29]

The same report goes on to say that Educational Reform might not have been possible without the impetus provided by ETV:

> In sum, ITV provided an impetus to change in El Salvador as well as a sufficient justification for numerous system-wide changes that would not probably have been readily understood or accepted in the absence of television .... As the Reform progressed, most Salvadoran leaders expressed the view that Educational Reform could not have been implemented without the catalytic effect of television. They argued that while many of the reforms instituted in the 1968-1972 period were long overdue and would most likely have been implemented by any new minister, the ITV system provided the vital spark and necessary impetus to change. [30]

A key reform that ETV helped to facilitate was the reorganization and the centralization of the Ministry of Education. Not only was there a problem of underqualified teachers and "archaic curricula", but the

majority of the teachers were scattered throughout the country in 22 different agencies and consequently were not readily subject to the will or influence of the Ministry of Education. In addition, the Ministry of Education was experiencing difficulties with the teachers, a number of whom were either unemployed or poorly paid. ETV was used by the Ministry of Education to retrain teachers and through the example of the televised instruction provide them with a model for improving their classroom performance. Throughout the implementation of the ETV project, the Minister of Education, Walter Beneke, exercised especially "forceful leadership" and as a consequence, was especially unpopular among the teachers:

> As the motivating force behind the Educational Reform, Beneke also became the target for a great deal of criticism from ANDES, El Salvador's principal teachers' union. During this period of rapid change the teachers' feelings of being underpaid were exacerbated and their protests became increasingly strong .... In July and August of 1971, the union conducted its second major strike in three years, which was settled ultimately on terms favorable to the Ministry of Education. 31

Over the protests of the teachers Beneke did succeed in pushing through his many organizational reforms with the result that the Ministry of Education was able to more effectively determine what was to be taught, how it was to be taught, and who was to teach it.

The focus of the Ministry's reform and retraining efforts was the newly established teacher training center, Superior Normal, in San Andres. Here teachers, predominantly primary school teachers, were retrained to become secondary school teachers and instructed in the uses of ETV and the goals and purposes of Educational Reform. During its initial operations, the San Andres training center experienced a wealth of organizational, interpersonal, and circumstantial difficulties. For many of the trainees,

"resented having to give up their vacations without extra pay. Most of all, they believed that they had nothing to learn from the staff of San Andres.[32] While these initial problems seemed to have been reduced as the training facility ironed out its difficulties, the overall response of the teachers to the retraining program was not especially promising. According to a survey made of teachers in 1970, there was relatively little difference in attitudes between those teachers that had received training and those that had not. The one attitude that changed most was that towards the efficacy of the Educational Reform project: 48% of the untrained teachers thought that it would lead to high quality education, as against 68% of the trainees.[33] In time, though, teachers' support of ITV dropped, and by 1972 only 56% of the teachers surveyed thought that their students learned more by television than by teaching alone (a drop of 17% from 1970).[34]

Given the teachers' attitudes towards the efficacy of ETV, the expense of its implementation and operation, and their feelings about their own economic position, it is understandable that they should have resented the entire effort as much as they did. Moreover, their sympathies towards ETV were not bolstered by the fact that "during the 1971 teachers' strike, supervisors (of ETV) were asked to keep records of non-striking teachers, an activity that created teacher emnity and reinforced the teachers' image of the supervisors as policemen." [35](56)

From both an international and a domestic perspective ETV seemed to have had a political role to play in El Salvador. Internationally, it was instrumental in obtaining U.S. loans and support, as well as 14 million additional dollars from other sources: World Bank, UNESCO, UNICEF, Japan and Great Britain. Through the publicity it received internationally,

ETV helped strengthen the bonds between the U.S. and El Salvador and bolstered the image of each country internationally as being technologically innovative and reform minded. Domestically, its political effect is more difficult to assess. By providing the Ministry of Education with a centralized and capital intensive technology over which it exercised exclusive control, ETV provided the Ministry with a very effective means of introducing and controlling its reorganization and reform efforts. As this came at a time when the PCN was attempting to strengthen its own political base, ETV also benefited it by helping publicize domestically and internationally the reform efforts of the party. It can be asked whether the use of ETV didn't also help establish in the public eye the teachers' union as the prinicpal impediment to reform, for during the teachers' strike the parents were often resentful of the teachers, and attributed much of the Reforms problems to the teachers' recalcitrance.

Political power and, hence, political benefit, is dependent upon access or control over key resources and the means to employ these resources. In El Salvador the principal resources were economic, technological, and informational. The means to employ these resources were controlled by the organizational and political setting in which the ETV project was implemented and operated. As the Ministry of Education through the office of the President had virtual control over both the resources and the means, present evidence suggests that it was the principal political beneficiary. Moreover as one of the primary objectives of the Reform program was to centralize and reorganize the Ministry of Education, it would also appear that a

concentration of political power within the Ministry was one of the intended outcomes of the project.[36] ETV functioned as an effective means for achieving this end because it enabled the Ministry to directly reach the students, retrain the teachers, and define the direction and character of the educational reform. Also the relatively large sums which were under the Ministry's control enabled it to hire those teachers and staff it wanted and to oversee the contracting of new facilities. These increased capabilities all constitute a notable increment in the Ministry's power base and hence, political benefit.

The following chart identifies the resources which the ETV project made available, and those groups which had control over or access to these resources.

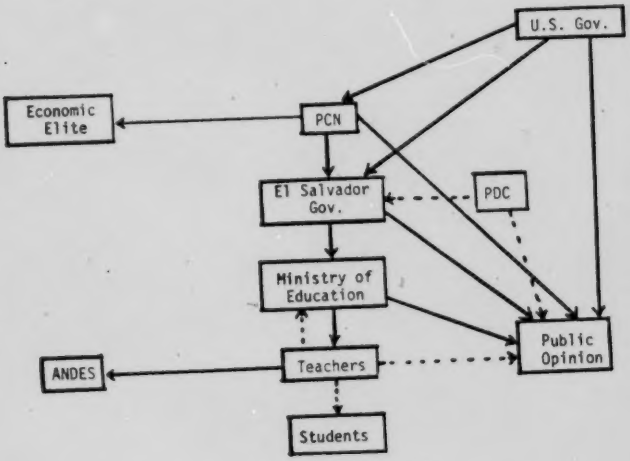
Groups Having Control Over or Access to Resources

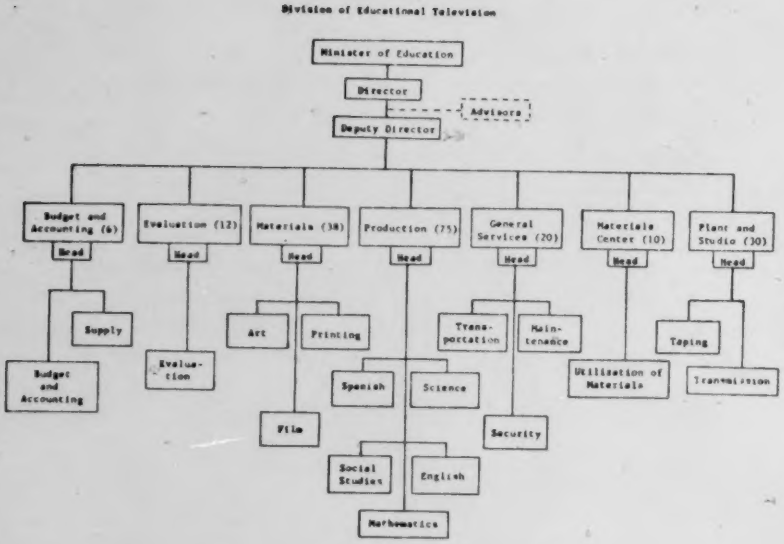
Resources	Students	Teachers	Staff	Administrators	Foreign Advisors
Equipment Procurement				•	•
Construction of Facilities				•	•
Educational Policy				•	•
Hiring/firing				•	
Use of ETV			•	•	•
Use of Facilities			•	•	
Programing			•	•	•
Instruction			•	•	•
Project Management			•	•	•
Budget Allocations				•	

Although the teachers did not benefit politically from the ETV project during Beneke's tenure, their union, ANDES, did grow in strength as a result of the reform, and with Beneke's departure did succeed in obtaining a pay raise for teachers and an agreement that teachers would have a greater say in educational reform. It may also be asked whether or not the students might in the long run achieve some political benefit, even if they do not find employment as a result of their education. For the program did increase their expectations about future employment and income and it may be that like the teachers before them, the program may have an ultimate politicizing effect. Evidence from other developing countries in which expectations were raised and not fulfilled suggests that this may not be an unlikely long term consequence of the program.[37]

Another aspect of political power which the ETV project seems to have affected was the consolidation of various power groups and interests. Prior to the implementation of ETV the PCN was not in as secure position with the public as it might have wanted; the Ministry of Education was decentralized and not easily administered; the curriculum was variable in quality and archaic in method; the teachers were poorly organized, undertrained, and underemployed. Also at this time there was a prevalent fear in the U.S. State Department that Cuba may have set an example of revolution in Latin America and that American interests were in jeopardy there. To a considerable extent the ETV project can be seen as an attempt to resolve these problems by establishing new linkages between various interest groups and reinforcing previously weak linkages. For the project succeeded in strengthening ties between the

U.S. and El Salvador, publicizing the reform efforts of the government, augmenting Ministry of Education's control over the teachers, staff, and instructional format. The following diagram illustrates which interest group linkages were reinforced and weakened as a result of the project. Solid lines indicate strengthened linkages and dotted lines, weakened ones.





Source: Hornik, et. al.

It should be noted that these linkages are the immediate consequence of the project up until 1971. They certainly could change depending upon the success of the program in obtaining jobs for the students and the general political climate of the country. For example, one of the unanticipated side effects of the Ministry of Education becoming better organized and more centralized was the improved strength of the teachers union, which after 1971 became a power group of its own. Likewise, the PCN may in the long term jeopardize its own power base if it cannot deliver on its promises of reform and increased employment. While the military have always been able to assert their powers in the past when events threatened the stability of the country or their special interests, there is the question whether they will be able to do so in the future without increased public support. With a more widely educated populace with high expectations of employment it may be the military that will have to mitigate their exercise of power to achieve public support and legitimacy. The increased awareness and urban migration brought about through educational reform and ETV may in the near future result in the establishment of new power bases and new linkages quite different from those shown in the diagram.

F. Footnotes

1. Economic and Social Development Plan 1968-1972, p. 17.
2. Ibid. p. 17.
3. Ibid. p. 126.
4. Hornik, Robert, et. al., Television and Educational Reform in El Salvador, final report, RT No. 14, USAID; August, 1973.
5. Economic and Social Development Plan, 1968-1972, p. 127.
6. Blutstein, H., et.al., Area Handbook for El Salvador, 1971, U.S. Government Printing Office, p. 20.
7. Hornik, et.al., p. 10.
8. Ibid. p. 11.
9. Ibid. p. 11.
10. Ibid. p. 12.
11. Ibid. p. 12.
12. Ibid. p. 12.
13. Ibid. p. 7.
14. Ibid. p. 6.
15. Ibid. p. 14.
16. Ibid. p. 63.
17. Ibid. p. 9.
18. Economic and Social Development Plan, 1968-1972, p. 17.
19. Hornik, et.al., p. 135.
20. Ibid. p. 135.
21. Ibid. p. 204.
22. Ibid. See Chapter 4.
23. Porter, D., Internal JOB Corps Memo, 1967.

24. Adelman, I., Morris, C., Economic Growth and Social Equity in Developing Countries, Stanford U. Press. 1973.

25. Hornik, et. al., p. 7.

26. Ibid. p. 171.

27. Ibid. p. 256.

28. Plan De El Salvador, p. 91.

29. Hornik et. al., p. 20.

30. Ibid. p. 21.

31. Ibid. p. 76.

32. Mayo, J., Mayo, J., An Administrative History of El Salvador's Educational Reform; November, 1971. AID, p. 67.

33. Hornik, et. al., See Chapter VI.

34. Hornik, et. al., p. 172.

35. Mayo, J., Mayo, J., p. 56.

36. Economic and Social Development Plan 1968-1972, p. 127.

37. Foster, Badi, The Moroccan Power Structure as Seen From Below: Political Participation in a Casablanca Shanty Town. Ph.D. Dissertation, Princeton University, Department of Politics, 1974.

APPENDICES

A. General Background Information On Algeria

Algeria has always played a prominent role in the affairs of North Africa and the Mediterranean. In the 17th and 18th centuries Algeria was a maritime power that prospered through a lucrative pirate practice, but with the virtual elimination of that practice by the major European maritime powers in the late 18th and early 19th centuries, she quickly lost her wealth, power and nearly two thirds of her population. Charles X of France delivered the final blow when, in 1830, he ordered the country seized by force and initiated 132 years of French colonial rule. With the conclusion of the revolution against France in 1962, colonial rule was ended and Algeria became an independent nation under a centralized form of socialist government.

Today 95% of Algeria's 15.2 million people live on 12% of the total land mass (920,000 square miles--almost one third the size of the Continental United States). This densely populated northern coastal rim (approximately 120,000 square miles) extends about 200 miles inland and contains the majority of Algeria's major cities. (Algiers, Oran, Constantine, Annaba). In addition to being the seat of industry and the major population center, the coastal rim is also the major agricultural center. But with a yearly rainfall of around 16 inches, agricultural production is limited, though irrigation is in increasing use. Like other LDCs, Algeria has a dual economy with a large traditional agricultural sector employing about 50% of the population and a small, but growing, industrial sector employing about 6% of the labor force. For 1972 the

per capita income was estimated to be around $280 a year with nearly 50% of the population earning less than $110 annually. Estimates on unemployment vary from 50 to 75% in the rural areas and 30 to 35% in urban areas. The birth rate has grown from 2.5% in 1960 to 3.4% in 1972, and therefore, despite recent increases in jobs in the industrial sector, unemployment has not abated.

With the exception of foreign populations there are two principal cultural groups within Algeria, the Arabs and the Berbers, both of whom are members of the Sunni Muslim sect. The Arabs comprise about 80% of the population and are the more urbanized and educated of the two groups, whereas the Berbers, of which there are many sub-groups, are traditionally nomadic and highly independent, even to this day. Though Arabic is encouraged by the government as the national language, French continues to be the language of commerce, government, and higher education. In 1970 literacy in Arabic was estimated to be around 25% and literacy in French and Arabic around 11%.

Algeria has approximately 1% of the World's known oil reserves, around 940 million tons, which, with current rates of production, should be exhausted in the next twenty years. Its gas reserves are the fourth largest in the world and are estimated to be around 3.6 trillion cubic meters. The country also has iron ore deposits, some of relatively high quality (60% iron content) as well as deposits of phosphates, lead, zinc and mercury.

Quick Profile of Algeria

PROFILE

Geography

AREA: 919,590 sq. mi. (almost one-third the size of the continental U.S.). **CAPITAL:** Algiers (pop. 1 million). **OTHER CITIES:** Oran (pop. 330,000), Constantine (pop. 254,000), Annaba (pop. 170,000).

People

POPULATION: 15.3 million (1974 est.). **ANNUAL GROWTH RATE:** 3.5% (1974). **DENSITY:** 16 per sq. mi. **ETHNIC GROUPS:** Arabs and Arabized Berbers. **RELIGION:** Sunni Moslem (98%). **LANGUAGES:** Arabic, Berber, French. **LITERACY:** 25%. **LIFE EXPECTANCY:** 53 yrs.

Government

TYPE: Centralized republic. Rule is by decree. **INDEPENDENCE:** July 5, 1962.

BRANCHES: *Supreme policymaking and executive legislative bodies*—National Revolutionary Council and Council of Ministers, both headed by the President. *Judicial*—Supreme Court.

POLITICAL PARTY: National Liberation Front (FLN). **SUFFRAGE:** Universal adult for Wilaya and Communal Assemblies. **POLITICAL SUBDIVISIONS:** 31 Wilayas (states) subdivided into communes.

FLAG: Red star and red crescent superimposed on background of green (left half of flag) and white (right half).

Economy

GROSS DOMESTIC PRODUCT (GDP): $6.5 billion (1974 est.). **ANNUAL GROWTH RATE:** 11.8%. **PER CAPITA INCOME:** $425 (1974 est.). **PER CAPITA GROWTH RATE:** 9%.

AGRICULTURE: *Land* 19%. *Labor* 50%. *Products*—wheat, barley, oats, wine, grapes, citrus fruits, olives, vegetables, figs, dates, tobacco, esparto grass, livestock.

INDUSTRY: *Labor* 6%. *Products*—petroleum, gas, petrochemicals, fertilizers, iron and steel, textiles, transportation equipment.

NATURAL RESOURCES: Petroleum, natural gas, iron ore, phosphates, lead, zinc, mercury.

TRADE: *Exports*—$2 billion (1973 est.): crude petroleum products (83%), wine. *Partners*—France (22%), F.R.G. (22%), other EEC countries (18%), U.S. (11%). *Imports*—$1.9 billion (1973 est.): food, capital goods, consumer products. *Partners*—France (33%), F.R.G. (14%), other EEC countries (20%), U.S. (9%).

OFFICIAL EXCHANGE RATE: 4.19 dinars=US$1.

ECONOMIC AID RECEIVED: *Total*—$132 million (1972) from free world and multilateral sources. *U.S. only*—$200,000 in PL 480 foodstuffs (1973) for distribution by World Food Program for School Feeding.

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: U.N., Organization of African Unity (OAU), Arab League, Organization of Nonaligned States, Organization of Petroleum Exporting Countries (OPEC), Organization of Arab Petroleum Exporting Countries (OAPEC).

Source: Department of State, Background Notes on Algeria, January, 1975.

B. Political Background Information on Algeria

From the 8th to the 19th centuries Algeria was governed by a succession of military-religious Muslim rulers. During this period political authority was often centralized in the person of a single ruler, who through his chiefs administered the affairs of the provinces. After the French seized Algiers in June of 1830, the Algerians were subjected to non-Muslim rule for the first time in a thousand years. Shortly thereafter French and other European colonials migrated to Algeria and an administrative and legal system was constructed primarily in their interests. The once influential Algerian tribal councils and religious courts were replaced by French judicial and administrative structures with the result that "all Muslims were subject to the French administration in all but the most personal matters, but they were virtually unrepresented in any but local councils and had no representation in France."[1]

During the period of colonialization the "grand colons" evolved into a coherent and unified political body which "blocked or delayed implementation of even the most modest French reforms directed from France".[2] Though the Algerians periodically rebelled and resisted French colonial rule during the 19th century, it was not until after WWII that an active nationalist movement materialized.

In 1954 the Revolutionary Committee of Unity and Action (CRUA), the National Liberation Front (FLN), and the National Liberation Army (ALN) were organized, and on October 31 of that year the ALN launched its first attack, thus beginning a seven year revolution. The struggle became especially bloody as neither the colonials nor the revolutionaries

were willing to make any concessions, and by the war's termination in 1962, nearly 1 million people or 10% of the Algerian population had been killed. As sabotage and urban warfare were common, and large segments of the Algerian population were placed in "detention" camps (approximately 2 million people), the war had an especially devastating effect upon the country and its people. With the flight of virtually all the French colonials - nearly a million in number, Algeria was left with an economy and an administrative structure that few Algerians were trained to run. Algeria was supported in her drive for independence primarily by Egypt, the Arab states, the Soviet Union, and the U.N., and subsequently upon her independence formed close alliances with those countries that supported her.

Upon independence Ben Bella became Chief of State, Boumediene the Minister of Defense, and the FLN the single ruling party. Though Ben Bella attempted to broaden his base of support and to institute a new political and economic order through the FLN, he was confronted by a number of economic, political and cultural obstacles, which seriously impaired his efforts. As one authority on Algeria writes, "Since the French occupation in 1830, Algeria has had no political institutions of its own. The French eliminated the pre-existing system of government and imposed their own, which never acquired any real roots in the country because it largely excluded the indigenous population. With independence the Algerians had no indigenous political infrastructure to build upon."[3] One indigenous movement or structure that Ben Bella did attempt to build upon was the notion of self-management or "autogestion," which grew out of the workers' attempts to run the factories and farms abandoned by the

French. Initially, autogestion was regarded as a means for involving workers politically and economically in the affairs of government, but in time Ben Bella abandoned this strategy and turned to a more centralized form of government. During his tenure Ben Bella was especially active in international affairs supporting other revolutionary movements and establishing the Organization of African Unity. However, in part "due to his ouster of traditional leaders, his failure to make the FLN an efficient mass party, his hostility to the General Union of Algerian Workers"[5] and his inability to get the economy running, he was deposed in a bloodless coup by Boumediene in 1965.

In contrast to Ben Bella's administration Boumediene's was more concerned with domestic affairs and the problems of productivity and management than becoming involved with other Third World problems. According to one study of Algeria, "It is testimony to the preoccupations of the new regime that the major sin attributed to Ben Bella was essentially that of mismanagement."[5] When Boumediene assumed power, he abolished the constitution of 1962 and in place of a legislative body formed the National Council of Algerian Revolution (CNRA). All members of the CNRA are close supporters of Boumediene and are commonly known as the "Oujda Group" after a revolutionary clique active in Oujda, Morocco between 1954 and 1962. However, today there still appear to be some divisions within the group over which development policies should be undertaken: whether autogestion should be supported (the predominantly leftist position and that supported by the Union of Algerian Workers) or whether State capitalism should continue as the predominant course of development. Though Boumediene publicly supports the concept of self-

management, his support seems to be highly qualified by a prior concern for efficiency:

"We are for self-management, but a viable self management that yields a profit, that results in an efficient organization of work and an increase in production. To liberate the worker is a revolutionary principle, but to produce is a necessity."[6]

The concern for efficiency and technical expertise has strong political consequences for the country, for though it is supported as an interim means for achieving socialist ends, it has tended to foster the centralization of power within the industrial centers and among the technocratic elite. The notion of self management, on the other hand, aims to distribute economic and hence political control throughout the country and into the hands of the workers. Consequently, though the conflict may be over different means to achieve socialist ends, for the near term at least they entail very different economic and political institutions. The Boumediene regime for the present has sided decisively with the technocratic position and supports the development of large state owned enterprises. As one political analyst of Algeria has noted:

> "Despite the emphatic endorsement of the principle of self-management by the FLN, the future of the self management system still appears very much in doubt. The wave of nationalizations in 1968 affected not only the private foreign companies, but numerous self-management factories as well. In late July, the government seized eleven large companies being run by management committees and turned them over to SONA TRACH and two other large state companies."[7]

As a consequence of Boumediene's and the Oujda group's support of "state capitalism" and public enterprises, the various ministries that run these enterprises have both political and economic power. The key ministries and their heads are:

President, Revolutionary Council; President, Council of Ministers; Minister of Defense—Houari Boumediene
Minister of State—Cherif Belkacem
Minister of State for Transport—Rabah Bitat

Other Ministers

Foreign Affairs—Abdelaziz Bouteflika
Interior—Vacant
Agriculture and Agrarian Reform—Larbi Mohamed Tayebi
Finance—Smail Mahroug
Information and Culture—Ahmed Taleb Ibrahimi
Justice—Boualem Benhamouda
Higher Education and Scientific Research—Mohamed Seddik Benyahia
Industry and Energy—Belaid Abdesselam
Commerce—Layachi Yaker
Posts and Telecommunications—Said Ait Messaoudene
Ambassador to the U.N.—Abdellatif Rahal
Chargé d'Affaires, ad interim, Washington—Abdelkader Maadini

Source: Department of State: Bacl. (see p. 3)

Abdesselam is considered by many observers to be "the leading figure and force among Algeria's emerging technocracy. He wants efficiency, orderliness, autonomy, and flexibility in the execution of his projects, but centralization, and compliance in decision and policy making."[9] While the Ministers and the Oujda group control the planning and implementation of Algeria's development projects and run its economic and political institutions, the army (ANP), still fresh from its revolutionary past, maintains an active and watchful interest in economic and political affairs. "The ANP is intimately involved in Algeria's development projects, running its own industries and worksites, managing the country's system of national service, and handling in its own direct manner 'economic crimes'. If there is to be a failure in Algeria's development strategy, the army may be the first to judge it and step in to remedy it."[10]

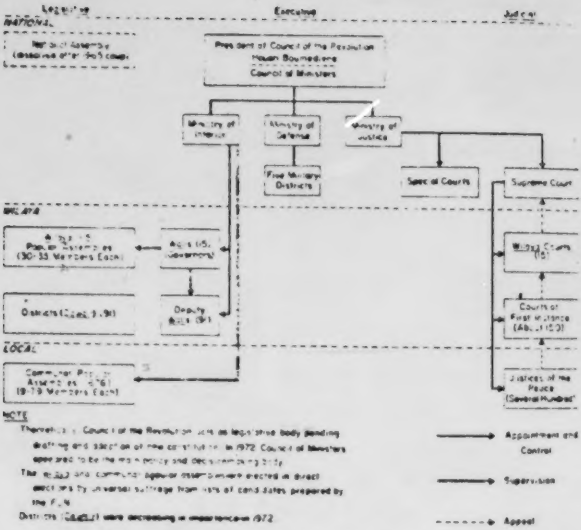


Figure 10. Governmental Structure of Algeria, 1972

Source: Nyrop, et al., Area Handbook for Algeria, U.S. Government Printing Office, 1972.

Though the government structure is highly centralized at the top in the Revolutionary Council, there have been various efforts to decentralize some of its administrative functions into local districts and transform the FLN into a mass political party. These efforts on the whole have not been successful for "the local governmental structures established during the colonial era were in large measure retained, supervisory and veto power being centered in the Ministry of Interior on behalf of the Council of Ministers. The judiciary also remained anchored in French legal traditions, although the courts were undergoing a gradual process of arabization."[11] Moreover, the FLN since the revolution has progressively lost its power and influence, and as of 1972, the party was of "little apparent consequence, largely because of the reluctance of the Boumediene regime to allow it any real influence in national affairs."[11] The General Union of Algerian Workers (UGTA) which was started by the FLN likewise has but nominal power for "the bargaining position of labor has been weak since independence because of high unemployment and since, the 1965 coup, rather sweeping restrictions on the right to strike."[12]

C. Algeria's Economy

At the end of the revolution in 1962 the Algerian economy was in in a state of near collapse: the French farmers and technicians who provided the administrative, technical, financial infrastructure had fled the country and major telecommunication lines and transport systems had been severely damaged by the war. Moreover, foreign interests, especially French interests, controlled the petroleum industry and continued to have a major hold on heavy industry. From 1962 until the present the Algerian government has undertaken a policy of nationalizing foreign holdings and socializing major sectors of the economy. During the Ben Bella regime government policy vacillated between supporting self management firms and "public enterprise" firms. This vacillation in policy caused considerable economic instability and in part was responsible for the ouster of Ben Bella by Boumediene, who from 1965 to the present has pursued a consistent policy of state capitalism.

In terms of capital investments and yields, all the major economic enterprises of Algeria are publicly owned and managed. The largest of these is SONATRACH, which accounts for 90% of all exports, 60% of total fiscal income. While SONATRACH has controlling interests in Algerian Oil and Gas enterprises, it is still dependent upon foreign oil interests: notably Getty, El Paso Natural Gas, Commonwealth Oil Refining Company, and the French Oil Company, CFP. The next largest industry is the Annaba National Steele Society (SNS), which was started by the French prior to the Revolution, and which was nationalized shortly thereafter. SONACOMB is the third major public enterprise and owns and manages all heavy construction and manufacturing enterprises: building projects, automobile, truck, and

tractor manufacture. Other major heavy industries include a fertilizer plant in Arzew and Annaba, gas liquefaction plant in Arzew, and a polyethylene plant in Skidda, all of which are managed and owned by the state. ONACO (Algerian National Office of Commerce) regulates the prices and flows of basic consumption commodities "to ensure a stable and equitable distribution of goods and prices."[13] By 1970 it was estimated that 70 to 80% of all retail trade was in private hands (the traditional sector) whereas wholesale trade was largely under government control. In all, there are approximately 80 state owned enterprises.

For industrial employment national firms account for the vast majority of jobs (see Figure 1). The civil service supplies the manpower for most of these enterprises and has grown from 100,000 workers in 1964 to 285,000 workers in 1972. Salaries of industrial workers are also considerably higher than those in the traditional sectors: 7,200 dinars to 10,800 dinars a year as against less than 500 dinars for the majority of the population.

Exports continue to be towards the European Economic Community. In 1969 76% of all exports were to the EEC with France receiving 55%, Germany 14%, whereas other Maghreb states received only 1.3%. However, with the increase in its oil exports and a reduction in its wine exports, Algeria appears to be reducing its dependence upon the French markets. In 1969 67% of the imports were from EEC countries, France providing the largest share (44%) and Germany with 9% and Italy with 8%. In 1974, Algeria increased its exports to the U.S. nearly 500%. France, however, continues to be the principal importer followed by Germany, and then the U.S.

Algeria's main industries are concentrated in three polar regions: Algiers, Constantine-Skidda-Annaba, and Oran-Arzew. The geographic and administrative concentration of industry has raised the prospect of the "industrial sector growing in isolation from the rest of the economy by concentrating all its efforts on foreign markets - and there are technocrats in industry who fear the consequences of banking on agricultural development".[14] In addition to the problems of "sectoral centrism" the public enterprises have the added problem of coordinating their efforts. "Finance and Commerce, through their audit, inspection, licensing, and customs functions, can control and frequently delay virtually every operation undertaken by the public enterprises. The Central Bank, for instance, may delay payment to a foreign contractee because of an error in paperwork, and the contractee may then suspend delivery of some vital material that had been ordered by public enterprise. One authoritative source stated that for the entire industrial sector administrative delays cost the equivalent of 30% of per annual investments."[15]

Though the Algerians are continuing to pursue their long term policy of rapid industrialization and hydrocarbon development, they have come to recognize a number of problems that such a rapid development strategy is creating. Initially, the development plans were solely aimed at the younger segments of the population on the assumption that the fruits of the development efforts could not be realized at least until 1980 and the younger populace would be more adaptive and receptive to change. This has placed an inordinate burden upon older population segments (over 35) who have had a great deal of difficulty finding

employment and a place in the society. It has also engendered cultural discontinuities by furthering cultural and generational divisions between the young and the old, parent and child. To alleviate these discontinuities and reduce the enormous amount of rural migration into the urban areas the Algerian government has attempted to encourage the "regionalization" of intermediate industry and the retraining of older segments of the population. Land reform was introduced to discourage urban migration. However, according to the London Economist's Intelligence Unit report on Algeria, "despite the land reforms, 3,000 peasants have recently left their farms in the Algiers region, and as many as 20% of those granted plots in the Constantine area, have not taken them up."[16] As a counter measure the government is attempting to reorganize the FLN in order to extend government influence and to resolve economic and administrative problems at the local area.

Although the modern sector of the Algerian economy is rapidly diversifying itself and expanding into areas of steel production, fertilizer, automobile manufacture, electronics, textiles, and chemicals, its agricultural sector continues to lag. 75% of all imports are foodstuffs and raw materials (700,000 tons of wheat in '75), and despite efforts of reforestation and reclamation of the desert, agricultural production has dropped. This, coupled with the fact that oil revenues have declined, has placed Algeria in a somewhat precarious position of being dependent upon volatile world markets for both its major commodities, oil for export, and foodstuffs for import. In twenty years hence, when Algerian oil reserves become depleted, there is the question whether its manufacturing or industrial sectors will be sufficiently

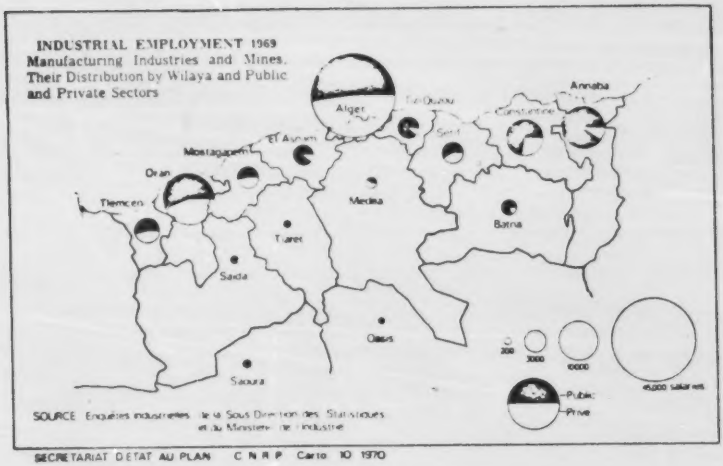
developed to be competitive in world markets, and therefore, whether Algeria will be able to afford the high price of cereal and grain imports Some observers feel that the Algerians intend to develop regional markets and become the industrial and trading center for Africa and other Arab states, but these same observers also question whether these regional markets will be sufficiently developed to provide viable trading arrangements. The Economist Intelligence Units 1975 report summarizes the outlook for Algeria as follows:

> With demand for oil continuing to fall, it seems probable that output for 1975 will not exceed 45 mn tons - and may be as low as 42 mn. With prices being forced downwards Algeria is likely to press OPEC hard to organise a planned reduction in output country-by-country.
>
> In the meantime prospects for the Algerian economy have taken a sharp turn for the worse. With oil contributing three fifths of budget revenues and over 90 per cent of export earnings, the investment proposals outlined in the revised version of the 1974-77 development plan and incorporated in the 1975 budget are beginning to look decidedly unrealistic, particularly as the estimates were based on sales of some 50 mn tons of oil this year at a price of $14 a barrel - at least $3 a barrel above the current market price. With the trading position in the first quarter of the year deteriorating rapidly, the country's currency reserves have been slashed by a half in the space of six months. To survive the government will be forced to seek substantial financial assistance from abroad and cut back on its ambitious investment plans. The situation is made more difficult by the prospect of a poor grain harvest this summer, which will mean the purchase of 2 mn tons of wheat later in the year - twice the quantity imported after the 1974 harvest.
>
> For the longer term everything still depends on Algeria's ability to sell its gas. Currently SONATRACH has firm contracts to supply 20 bn cu m a year from 1980, and tentative commitments for another 56 bn cu m. With Western business confidence currently at a low ebb the Algerians are having difficulty in raising development finance to cover the cost of constructing liquefaction facilities, pipelines and methane tankers. With potential customers reassessing their fuel requirements and exploring other sources of supply, the seller's market once enjoyed by SONATRACH has all but slipped away. In the circumstances it is becoming vital to Algeria that the Federal Power Commission gives the go-ahead to the second El Paso contract in the near future; and also that talks are reopened with the European consortium. [17]

Any severe downturn in the economy has potential political conce-
quences, and Boumediene may find, as did Ben Bella before him, accusa-
tions of mismanagement. The Economist Intelligence Unit report suggests
that political pressures on Boumediene are beginning to appear.

> Following the death of Ahmed Medegri last December (see QER No. 2 - 1975, page 2), President Boumedienne finds himself even more isolated politically than before. Medegri's death leaves only Abdelazziz Bouteflika as a politician consequence. Of the other leaders of the original Oujda group, Cherif Belkacem fell from grace in 1973 and now has little influence while Kaid Ahmed, formerly secretary-general of the FLN, lives abroad. The President has increasingly introduced the army into government, appointing officers to key posts and encouraging it to play a prominent role in internal affairs. With the economy facing a sharp down-turn in the latter half of 1975, and with unemployment still over 20 per cent, the situation might be considered ripe for the development of a political opposition grouping. It is therefore no surprise that Kaid Ahmed has recently circulated abroad a pamphlet, attacking the regime for inefficiency and President Boumedienne personally for corrupt
> [illegible]. 18

Figure 1



Source: Waterbury, 1972.

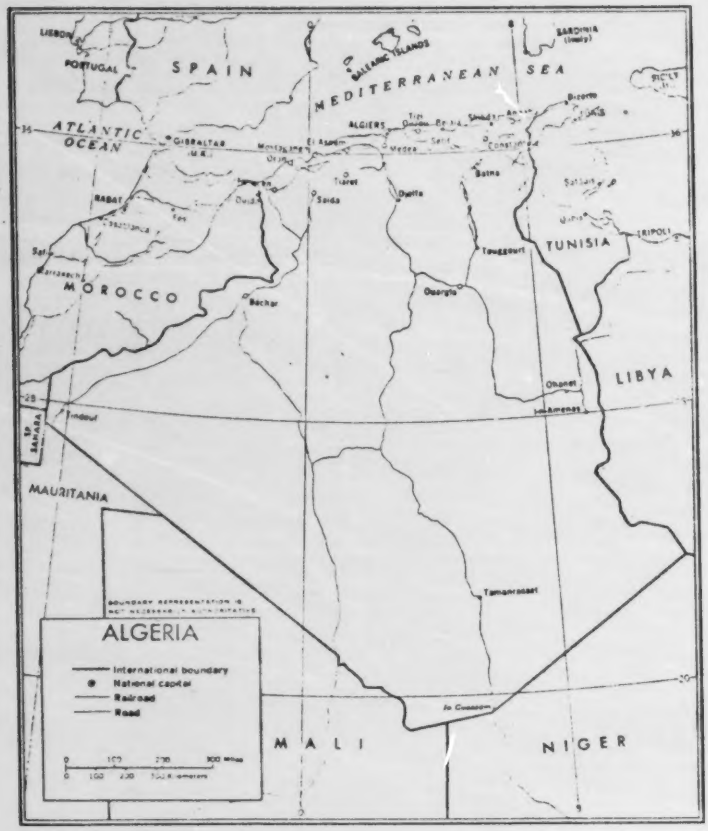
Table 2 Economically Active Population in Algeria in 1968 (in thousands)*

	Males	Females	Total	Percent of Total
Employment Status				
Employed	1,625	95	1,720	67.0
Unemployed	830	15	845	33.0
Total	2,455	110	2,565	100.0
Employment by Economic Sector				
Agriculture	854	20	874	50.6
Government services	290	48	338	19.5
Industry	148	14	162	9.4
Commerce and services	146	4	150	8.7
Transportation, communications, and other	73	2	75	4.4
Public works and construction	71	—	71	4.1
Other	54	3	57	3.3
Total	1,636	91	1,727	100.0

— fewer than 1,000.
* Totals may vary somewhat because of rounding

Source: Adapted from Algeria, Sous Direction des Statistiques, *Recensement de la Population 1966*, Algiers, 1970, and Ahmed Bitat and B. Delloues, "L'Emploi en Algerie à travers le recensement de 1966," *Population*, March 1971, p. 20.

Source: Nyrop, et. al., 1972.



Source: Nyrop, et. al., 1972.

Table 14. Utilization of Farm and Forest Land in Algeria, 1967.
(in thousands of acres)

	Socialized Sector	Private Sector	Public Sector	Total[1]
North Algeria				
Cropland				
Field Crops				
Cereals	1,940	4,463	0	6,402
Other	259	250	0	509
Fallow land	1,577	6,897	0	8,474
Subtotal	3,776	11,610	0	15,384
Tree Crops				
Vineyards	687	89	0	776
Citrus	99	15	0	114
Olives	69	156	0	225
Other	30	136	0	166
Subtotal	885	395	0	1,280
Total	4,661	12,006	0	16,665
Pasture Land				
Cultivated	37	47	0	84
Rough grazing	808	12,076	0	12,884
Alfa	.....	.....	7,504	7,504
Total	845	12,123	7,504	20,472
Total productive agricultural land	5,506	24,129	7,504	37,137
Unproductive agricultural land	176	2,993	0	3,169
Total	5,682	27,122	7,504	40,306
Forest Land				
Potentially commercial	259	778	2,021	3,058
Dense scrub	.....	.....	9,168	9,168
Total	259	778	11,189	12,226
Total agricultural and forest land (North Algeria)	5,941	27,900	18,693	52,532
Total agricultural and forest land (South Algeria)	8	72,108	12	72,128[2]
Total agricultural and forest land (Algeria)	5,949	100,008	18,705	124,660
Unproductive and desert land	.....	.....	.....	462,340
Total National Area				587,000

[1] Totals may not add because of rounding.
[2] Includes 33,065 acres of fruit crops, 71,527 acres of tree crops, 12,335 acres of forest land (belonging to the state), and 71.94 million acres of rough grazing. For practical purposes, this was entirely in the private sector.

Source: Adapted from *Production Yearbook, 1969*, Rome, 1970, p. 6; and Algeria, Ministère de l'Agriculture et de la Réforme Agraire, "Situation de l'Agriculture Algérienne en 1967." *Statistique Agricole*, No. 7, December 1968, pp. 17-21, 97, 235-236.

289

Source: Nyrop, et. al.

Table 11. Budget Estimates of Revenues and Expenditures of the Central Government of Algeria, 1967–73
(in millions of dinars)[1]

	1967	1968	1969	1970	1971	1972[2]
Current Revenue						
Direct Taxes						
On income and profits	n.a.	n.a.	830	950	1,000	n.a.
On hydrocarbons	850[3]	1,100[3]	1,250	1,335	1,500	3,200
Indirect Taxes						
Turnover tax	n.a.	n.a.	875	1,000	1,600	n.a.
Excise taxes	n.a.	n.a.	750	820	920	n.a.
Customs duties	n.a.	n.a.	325	455	730	n.a.
Contribution of state enterprises	n.a.	n.a.	970	1,309	1,300	n.a.
Stamp and registration taxes	n.a.	n.a.	98	125	130	n.a.
Other	n.a.	n.a.	242	200	300	n.a.
Total	4,155	4,550	5,340	6,284	7,500	7,840
Current operating expenditures[4]	3,332	3,539	3,890	4,447	4,915	5,500
Current budget surplus (government saving)	823	991	1,450	1,837	2,585	2,340
Development Capital Investments						
Included in the budget	1,375	1,537	2,466	2,452	2,835	
Self-financed (state enterprises)	0	0	621	0		
Financed by treasury advances	1,041	1,524	1,543	3,158	4,253	9,614
Financed by non-treasury domestic and foreign borrowing (net)	0	0	1,509	1,127		
Total	2,416	3,061	6,139	6,737	7,088	9,614
Total deficit (investment included in budget plus investment financed by treasury advances, minus current budget surplus)	1,593	2,070	2,539	3,773	4,503	7,274

n.a. = not available.
[1] From July 1, 1971, DA4.82 equaled US$1; after December 18, 1971, DA4.347 equaled US$1.
[2] Projected.
[3] Estimate.

Source: Adapted from "Budget Algérien de 1970," *Maghreb Etudes et Documents*, No. 28, Paris, 1970, pp. 11–16; "Budget Algérien de 1971," *Maghreb Etudes et Documents*, No. 11, Paris, 1971, pp. 11–16; International Monetary Fund, *International Financial Statistics*, XXV, No. 2, February 1972, p. 44, and *Middle East Economic Digest*, London, January 14, 1972, p. 36.

Source: Nyrop, et. al., 1972.

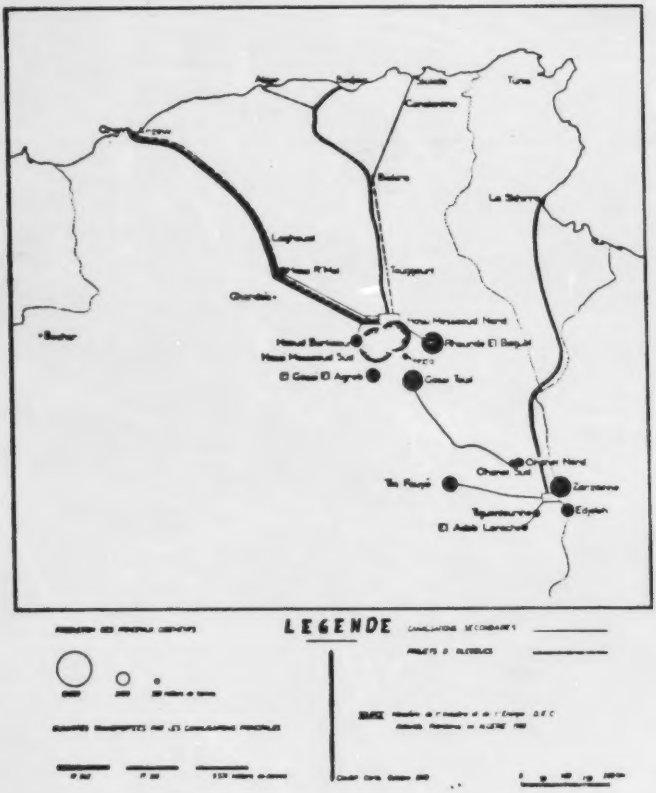
Table 15. Structure of Cropland Tenure in the Private Sector, North Algeria, 1970.
(area in acres)

Size Group	Number of Holdings	Percentage of Total Holdings	Area Included in Holdings	Percentage of Total Area	Average Acres per Holding
More than 125 acres	16,530	2 8	3,014,620	25 0	182.36
25 to 125 acres	147,045	25 1	6,029,240	50 0	41 02
12.5 to 25 acres	114,275	19 5	1,808,772	15.0	15.81
Up to 12.5 acres	308,995	52 6	1,205,848	10.0	3.90
Total	586.845	100 0	12,058,480	100.0	20.55

Source: Adapted from "Charter of the Agrarian Revolution," *Revue Algérienne des Sciences Juridiques, Economiques et Politiques*, Algiers, VII, No. 2, June 1970, pp. 458–459.

Source: Nyrop, et. al., 1972.

PETROLEUM
Production and Transportation: 1968



Source: Waterbury, 1973.

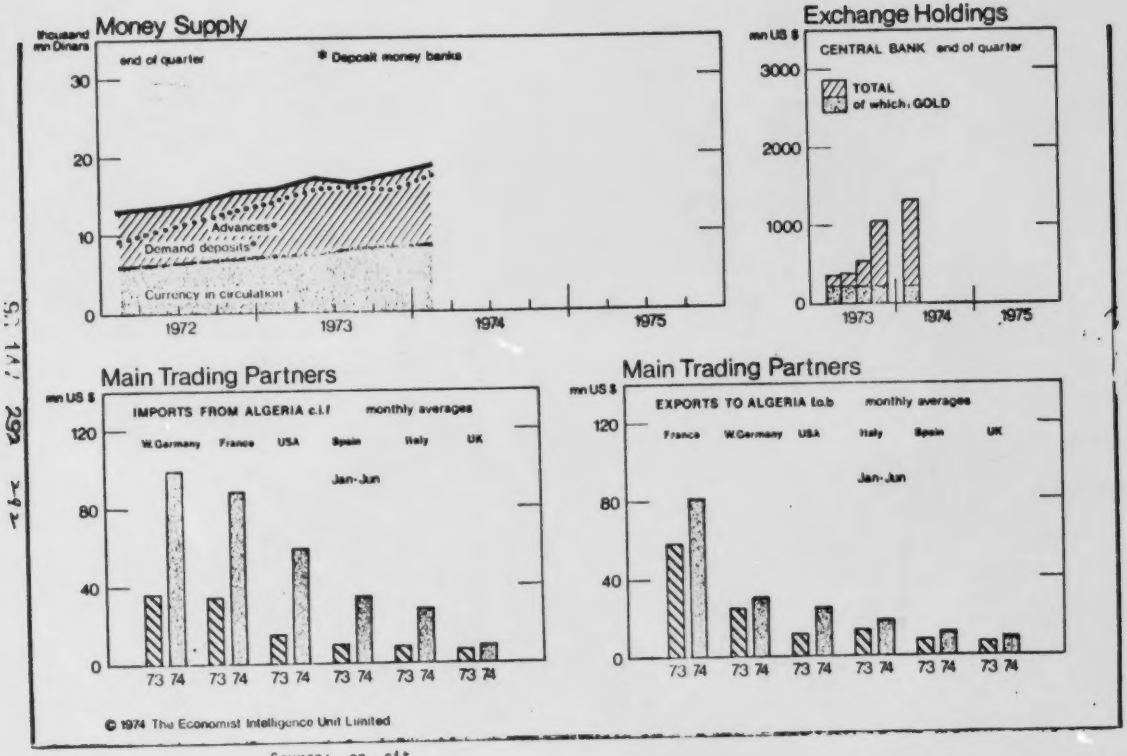
APPENDIX - 1 QUARTERLY INDICATORS OF ECONOMIC ACTIVITY IN ALGERIA

		1972		1973				1974
		3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Mining production	Monthly averages							
Crude petroleum	'000 met tons	4,268	4,272	4,267	4,340	4,526	3,918	4,218
Iron ore	"	- 305[b] -		...	...	...	...	...
Industrial Production[a]								
Crude steel	"	34.7[c]	...	...	...	...	...	...
Cotton fabrics	'000 sq metres	3,171[c]	...	...	...	...	...	...
Money & Banking	End of quarter							
Currency in circulation	mn dinars	6,737	7,049	7,312	7,620	8,203	8,817	8,813
Demand deposits: deposit money banks	"	7,788	8,431	8,659	9,696	9,158	8,682	9,825
Advances: deposit money banks	"	11,752	13,260	14,178	15,747	16,068	15,559	17,273
Foreign Trade	Monthly averages							
Exports, fob	mn dinars	- 488[b] -			- 62.6[b] -			...
of which: crude oil & natural gas	"	- 417[b] -			- ...[b] -			...
Imports, cif	"	- 558[b] -			- 81.2[b] -			...
Exchange Holdings	End of quarter							
Central Bank: gold & foreign exchange	mn $	363	412	368	382	546	1,044	1,311
Exchange Rate	dinars per $	4.547	4.547	4.093	4.093	4.093	4.093	4.093

a State concerns only. b Average for year. c Average for January-June.

Source: Economist Intelligence Unit, 1975

99-167 O - 77 - 11



Source: op. cit.

D. Algeria's Development Plans

Since the coup in 1965, there have been three main development plans. The first plan, known as the "Pre-Plan" invested over 9,124,000 dinars (4.10 dinars = $1.00) within the three year period (1966-1969), of which industry received the principal share, 4,750,000 dinars, and agriculture 1,606,000. The first four year plan (1970-1973) invested over 27 billion dinars over the four year period, with the industrial sector once again receiving the principal share - nearly three times that of agriculture. According to a International Monetary Fund Report, the GDP from 1969-1970 grew by a rate of 10.6, and with an inflation rate of 2.5, the real growth rate was 8% per annum.

There were four principal goals to the 1970-1973 development plan:

1. Raise the standard of living by 1980 from a per capita national income of $250 in 1970 to $380 in 1980. "Vital to the success of this effort is the encouragement of a spread effect through the modernization of the agricultural sector in which the bulk of the population is occupied. While the average income was $250 in 1970, over half the population earned less than $110. The plan seeks to reduce this disparity."[19]

2. Develop a "rythm of self sustaining" growth by 1980 through the development of internal domestic markets. The attainment of this goal is felt to be dependent upon the development of rural markets and a 9% annual growth rate with investments ranging from 30 to 37% of the GDP annually.

3. The attainment of national economic sovereignty through the nationalization of natural resources and a reduction in the export of agricultural cash crops - principally wine. "Economic sovereignty is

not intended to be autarky. The Algerians fully realize that such a goal is illusory. Economic sovereignty means a level of economic health and dynamism that would permit Algeria to choose its trading partners and to bargain with them on a footing of equality."[20]

One of the most controversial aspects of this plan, as well as of the second four year plan, is the extent to which the agricultural sector will be able to develop in concert with the industrial sector and thereby create the "rhythm for self sustaining growth." While the hydrocarbon sector grew at an estimated 31% from 1969 to 1973, agriculture only grew 4.5% during the same period, and in fact the traditional agricultural sector only grew 3% between 1970 and 1973. This growth rate fails to keep pace with the birth rate and consequently there is the legitimate concern whether the projected interchange between the agricultural sectors and the industrial sectors will materialize by 1980.

The objectives of the second four year plan are much like that of the first. Once again the target date is 1980, by which time according to the Army journal, El Djeich, "The national economy will have confronted by this time the inherent problems for the creation of employment and self sufficiency. It will have achieved an advanced stage of its development. It will have abolished urban unemployment and reduced the under employment of rural areas. In order to achieve this end, the essential basis for a rational and planned development capable of engendering a process of permanent and cumulative growth will have been created."[21] In the very beginning of the second four year plan, the Council of the Revolution and Government states very broadly the goals of the four year plan (1973-1977). They are:

1. Development of the Agricultural sector: "new lands and the utilization of water resources for the improvement of agricultural production."[22]

2. Increased Industrialization: "The pursuit and the intensification of the industralization effort remains a major objective of our development strategy."[23]

3. Preservation and furtherance of Arab culture and values: "The Council of Revolution and Government reaffirms the necessity of actively following the program of arabization previously undertaken, which constitutes an essential instrument for the reconstitution of our national personality, and which must energe into the utilization of a national language into all the domaines of economic life, social, and cultural."[24]

4. The establishrent of an infrastructure for the "political partition of space... In this effort the modernization of telecommunications... has a marked priority."[25]

5. The "just distribution of revenues" and the creation of maximum employment and the acceleration of professional employment."[26]

From 1973 to 1977 the Algerian government intends to spend around $27,554,000,000 to create 450,000 new jobs. There are 500 projects planned in industry, 800 for local industry including 150 cooperative and artisan projects. 43% of the total spending is going into industry, 10.9% into agriculture, 14.0% into economic infratstructure, and 13.3% into social programs.

Despite a 38% increase in the number of new jobs by 1977, the Algerian government will not be creating sufficient jobs to reduce the current high unemployment. "Further, despite large investments in

education there will still be a gap between the skills needed for industrial jobs and the large unskilled labor force. Unemployment in the agricultural sector is expected to remain at its current high level. Out of an agricultural population of 7,150,000 only 1,270,000 are considered active and of these only 450,000 have permanent jobs."[27]

To summarize, Algeria's national economy is a dual one - divided between the modern or socialist sector and the private and traditional sector. The modern sector of the economy is young - little over ten years old and accounts for over 70% of the GDP, with oil revenues supplying the lions share. All major industries are government owned and managed and are geared for rapid expansion. The economy is also highly centralized with key ministries determining production quotas, reinvestment rates, and directing daily operations. The modern sector also appears to be divided between industry and agriculture, the latter receiving relatively smaller amounts of investment capital and experiencing difficulties in organization and production. Though industry and oil provide most of Algeria's revenues, they employ but 6% of the total population. The largest segment of the work force continues to be in the traditional agricultural sector where unemployment is high and income comparatively much lower. Overall, the economy was widely regarded as being relatively healthy and dynamic, but as of middle 1975 when the price of oil declined, the picture has been altered and there is now an expected deficit in balance of payments between $1 billion and 2.5 Billion.

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NEW JOBS UNDER PLAN

Building and public works		138,000
Administration		106,000
Teaching	34,000	
Public Health	28,000	
Industry		83,000
Hydrocarbons	6,000	
Services		60,000
Commerce		50,000
Transport		19,000
Students		55,000
Service National		20,000
	TOTAL	531,000

This means that Algeria will be creating new jobs during the four-year period at about the same rate new workers come into the urban/industrial labor market, but there is no room for improving the present untabulated, but high unemployment. Further, despite large investments in education there will still be a gap between the skills needed for industrial jobs and the large unskilled work force.

On the agricultural side the figures are more discouraging. Out of a rural/agricultural population of 7,150,000 only 1,270,000 are considered active and only 450,000 of these have permanent jobs. The remaining 820,000 have seasonal work. One-third of the seasonal workers receive assistance from members of their family abroad.

The new Plan forecasts 85,000 new jobs in agricultural sector plus better utilization of many more workers through more agricultural cooperatives, irrigation, and new large scale farms.

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Source: U.S. Department of State Report, A-051, September 27, 1974.

Another constraint on planning in addition to population pressures and disparities between regions is lack of consumer goods. All the new salaried jobs and population growth have outrun the supply of goods. Thus salaried income has increased about 13.5 percent a year while consumption has only increased about 11 percent a year. Actual consumption forecasts made are:

PHYSICAL CONSUMPTION OF GOODS 1973/1974

	Units	1973	1974
Cereals	10^6 Qu	24.4	30.0
Vegetables	10^3 tons	515.0	815.0
Fruits	10^3 tons	720.0	1150.0
Meat	10^3 tons	180.0	288.0
Milk	10^6 liters	900.0	1470.0
Fat	10^3 tons	125.3	178.0
Sugar	10^3 tons	254.0	329.0
Textiles	10^3 tons	47.5	71.8
Shoes	10^6 pairs	20.4	31.5

In gross figures consumption is estimated at 4.3 billion dollars in 1973 and will rise to 6.5 billion dollars in 1977 or over 50 percent during the 1974-77 Four-Year period.

PART II - Investment

The second part of the Plan sets out the planned investments in general terms for the ten sectors covered.

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Algiers A-051
Page Five

RECAPITULATORY TABLE OF INVESTMENTS

In millions of dollars

	TOTAL SPENDING AUTHORIZATION	PERCENT	COST OF THE NEW PROGRAMS
Industry	12,000	43.5	16,348
Agriculture	3,001	10.9	2,306
Water Power	1,150	4.2	1,210
Tourism	375	1.4	300
Fishing	39	0.1	14
Economic Infrastructures	3,880	14.0	4,124
Education	2,487	9.0	2,247
Social	3,653	13.3	4,082
Administrative Equipment	359	1.3	326
Studies-Diverse-Unforeseen	630	2.3	616
TOTAL	27,554	100.0	31,618

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INDUSTRIAL INVESTMENTS

In millions of dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Hydrocarbons	4,875	6,500
Mines	275	200
Electricity	381	425
Iron Smelting	1,466	2,000
Electric and Mechanical Construction	1,559	2,675
Chemistry	1,000	1,212
Construction Materials	1,025	1,137
Nutrition Industries	367	562
Textiles	355	500
Leathers	42	75
Wood-Paper-and assorted	415	750
Local industry and handicrafts	227	287
General Studies	10	12
TOTAL	12,000	16,337

UNCLASSIFIED

Algiers A-051
Page Nine

AGRICULTURAL INVESTMENTS

In Millions of Dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Studies and Research	25	20
Land Improvement	87	62
Land Development	598	448
Animal Production	583	518
Forests - Alfa	268	197
Rural Infrastructure	138	16
Material and Equipment for Agriculture Cooperatives	632	570
Offices	442	297
Special Programs of the Daira of Annaba and Constantine and of 200 communes	225	300
TOTAL	2,998	2,428

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UNCLASSIFIED

Algiers A-051
Page TEN

HYDRAULIC INVESTMENTS

In millions of Dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Studies and Research	78	125
Dams, Drilling and Canals	429	625
Irrigation	420	250
Large Water Projects	197	175
Special Programs of the daira of Annaba and Constantine	25	35
TOTAL	1,150	1,210

Under hydrauliques particular attention is given to the irrigation of 110,000 hectares of land and the building of 13 dams to assure water for both agriculture and industrial use. 70,000 hectares of the newly irrigated land will be made available during the first two years of the Plan. Much for this acreage will come from the Dravo and Morrison-Knudsen projects in the Abadla and Annaba areas.

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FISHING INVESTMENTS

In millions of dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Production	14	6
Transformation	10	3
Commercialization	4	4
Studies and popularization	1	1
TOTAL	28	13

The Plan forecasts the purchase of fifty fishing boats and several tuna boats. Emphasis will also be on refrigeration and distribution of catch.

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TOURIST INVESTMENT

In millions of Dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Studies and Infrastructure	107	60
Tourist and City Hotels	217	225
Baths	37	12
Miscellaneous	12	10
TOTAL	375	307

Hotel construction will add 25,000 beds to the 15,000 beds realized under the first Four-Year Plan. Hotels will include a new chain of urban hotels for businessmen.

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INVESTMENT IN THE ECONOMIC INFRASTRUCTURE

In Millions of Dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Communications	772	797
Postal and Telecommunications	378	453
Transport	1,621	1,664
Stocking - Distribution*	250	331
Industrial Zones	175	250
Effecting concerns	682	682
TOTAL	3,880	4,179

*Not including investments included in the agricultural and energy sectors.

The Plan envisages the opening of 1,000 kilometers of new national highways and the improvement of 2,000 kilometers of existing roads. The railroad system is also to be modernized with new engines (65) and rolling stock (5500). Three hundred-twenty new kilometers of existing track will be improved and new track systems will be planned in the northern desert area. The main airport at Dar-El-Beida

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(Algiers) will have a new terminal and Air Algerie will buy new planes. Four Boeings have already been purchased and wide-bodied or longer haul planes are under consideration. The Plan mentions adding 500 seats as well as 26 utility planes. The main ports will be improved and new ports built at Bethioua and a second new petroleum port about 100 miles east of Algiers in the center of the country. The telephone system is also scheduled for major improvements. Large investments are planned in distribution services and better stockage.

EDUCATION AND FORMATION INVESTMENTS

In millions of Dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Classes and Housing of Primary Schools	375	276
Day Care Centers	100	113
Primary and Middle Teaching	614	582
Secondary Teaching	234	135
Upper Teaching	565	573
Formation	542	476
Miscellaneous	57	95
TOTAL	2,487	2,247

Major enlargements are envisaged in the educational field. At the elementary level the number of students is expected to grow from 2.4 million to 3 million. The growth in secondary education and special training facilities will be even greater. The three large universities at Algiers, Constantine and Oran will be enlarged, with three new smaller universities planned as well as smaller colleges. University students will double to 60,000 by 1972. There is a lot of hortatory language on further Arabization and more technical training.

SOCIAL INVESTMENT

In millions of Dollars

	Total Authorized Expenses 1974-77	Cost of the New Programs
Urban Housing	1417	1745
Rural Housing	657	957
Collective equipment	665	745
Health	476	332
Youth and Sports	273	152
Information - Culture	110	94
Veterans	52	55
TOTAL	3652	4082

(1) Not including productive investments.

Improved health facilities are given major emphasis. They plan nearly fifty hospitals, 160 health clinics, 300 health centers, 25 maternity wards, re-equipment of numerous existing hospitals and four new hospital/university centers. The operation of these facilities, given Algeria's universal, free medicine becomes a large administrative expense. Housing is also stressed with the completion of 90,000 urban public housing units and construction of another 100,000 planned. The goal is to create a housing industry capable of producing 100,000 housing units a year by 1980. Roughly the same amount of housing is planned for rural areas, but it will be combined with agricultural villages and self-construction.

ADMINISTRATIVE INVESTMENT

In millions of Dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Administrative buildings	183	177
Protection and Security	99	88
Specialized services	67	60
TOTAL	349	326

A large part of these funds will be devoted to building a new city to the east of Algiers for government administration, national company headquarters, and a diplomatic community. Work on the latter is scheduled to begin in early 1975 with the first units ready by 1976. Army units situated in cities will be moved to larger, more adequate quarters outside cities and new officers' schools will be built.

93-147 O - 77 - 12

UNCLASSIFIED

Algiers A-051
Page 17

INVESTMENT IN LOCAL PROGRAMS
AND
COMMUNAL PLANS

In millions of Dollars

	Total Authorized Expenses 1974/77	Cost of the New Programs
Industry - Tourism - Handicrafts	227	287
Agriculture - Hydraulics	250	375
Urban Transport	15	25
Communal Companies	38	38
Self-Construction Activities	63	63
Collective Equipment	665	745
Rural electrification	78	90
TOTAL	1335	1622
Of Which		
Special Communal Plans	250	338
Of Which		
Agriculture and Hydraulics	125	175
Self-Construction	63	63
Collective Equipment	63	100

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Part III

The third part of the Plan deals with the expected results of the Plan in the way of enlarged GNP. Internal Algerian production will increase about 10% a year or in constant 1973 prices from 11 billion dollars to 16.5 billion dollars: a 50% increase in four years. The following tables list the sectors of the economy of Algeria showing present production in terms of value added and then expected production in 1977:

STRUCTURE OF GROSS DOMESTIC PRODUCTION
IN THE
BASE YEAR OF THE PLAN

"Fictitious" reference year 1973 of the Plan

SECTORS	ADDED VALUES 10^6 $	NEW STRUCTURES OF THE G.D.P.
1. Agriculture	690	6.4%
2. Transformation Industries	1026	9.5%
Other industries (Mines, Electricity...)	135	1.2%
3. Buildings and Public Works	855	7.9%
4. Hydrocarbons	5400	50.0%
5. Transportation-Services-Commerce	2710	25.0%
TOTAL GDP	10,816	100.0%

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Algiers A-051
Page 19

STRUCTURE OF THE GROSS DOMESTIC PRODUCT
RESULTING FROM THE FORECAST - OBJECTIVE in 1977

10^6 Dollars

		1977	Structure by Branches
1.	Agriculture	815	5.0%
	Nutritions Industries	512	
	Textiles and Leathers	340	
	Iron Smelting	77	
	Mechanical & Electrical Industries	415	
	Chemistry	230	
	Diverse Industries	210	
	Construction Material	262	
2.	Total Transformation Industries	2047	12.4%
	Mines	77	1.4%
	Energy	152	
3.	Buildings and Public Works	1775	10.7%
4.	Hydrocarbons	7500	45.4%
	TOTAL MATERIAL PRODUCTION	12,367	74.9%
	Transport	440	
	Services	1382	
	Commerce	2325	
	TOTAL NON-MATERIAL PRODUCTION	4147	25.3%
	TOTAL I.R.P. EXCEPT HYDROC.	9015	54.6%
	TOTAL IRP	16,515	100.0%

FORECASTS AND OBJECTIVES OF THE INTERIOR

RAW PRODUCTION BY LARGE SECTORS

(in constant prices of the reference year) 10^6 Dollars

	Added Values of the Reference Year (1973)	Added Values 1977	Growth Rate in %	
			Total 73/74	Annual Average
1. Agriculture	690	815	18.1	4.2
2. Transformation industries	1026	2047	99.5	18.8
Other Indus. (mines, elec.)	135	230	70.3	14.3
3. Building, Public Works	855	1775	107.6	20.0
4. Hydrocabons	5400	7500	38.8	8.5
TOTAL MATERIAL PRODUCTION	8106	12,367	52.5	11.1
5. Transport-Services - Commerce	2710	4147	53.0	11.2
TOTAL G.D.P.	10,566	16,515	52.7	11.2
Except Hydrocarbons	(5,416)	(9,015)	(66.4)	(13.6)

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AGRICULTURAL PRODUCTION GOALS

Products	Units of Measure	Mean Level of Production in the Reference Year of the Plan	Production Level Aim	Growth
Cereals	10^6 Qx	20	24	+ 4
Dry Vegetables	10^3 T	45	124	+ 79
Market-Gardening	10^3 T	870	1,358	+488
Milk	10^6 L	350	620	+ 90
Meats	10^3 T	180	226	+ 46

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PRINCIPAL EVOLVEMENT IN PHYSICAL QUANTITIES
OF THE
PRODUCTION OF TRANSFORMATION INDUSTRIES

PRODUCTS	UNITS OF MEASURE	PRODUCTION 1973	PRODUCTION 1977
Flours & Semolinas	10^3 T	1,207	1,700
Refined Sugar	10^3 T	75	240
Refined Oils	10^3 T	111	174
Fruit & Vegetable Conserves	10^3 T	37	72
Tobacco	10^3 T	13	18
Cotton & Woolen Thread	Ton	18,000	28,800
Fabrics	10^3 M	107,000	150,000
Leather Shoes	10^3 P	10,500	15,000
Iron Smelting	10^3 T	370	500
Hot Laminates	10^3 T	72	660
Cold Laminates	10^3 T	--	130
Soldered Pipes	10^3 T	92	170
Seamless Pipe	10^3 T	--	60
Cold Sections	10^3 T	--	80
Large Concrete Pipe	10^3 T	40	40
Refined Zinc	10^3 T	--	40

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Continued ...

PRODUCTS	UNITS OF MEASURE	PRODUCTION 1973	PRODUCTION 1977
Shaped Metalwork	10^3 T	40	96
Boiler Works	10^3 T	9.5	35
Industrial Vehicles	Unit	7,000	7,000
Agricultural Machines	Unit	4,000	13,000
Machine-Tools	Unit	--	1,100
Diesel Motors	Unit	--	9,000
Wheel Tractors	Unit	--	4,000
Caterpillar Tractors	Unit	--	1,000
Motorcycles	Unit	--	25,000
Bicycles	Unit	--	12,000
Pumps	Unit	--	4,000
Electric Wire & Cables	Ton	6,000	17,000
Transformers	Unit	--	850
Electric Motors	Unit	--	15,000
Accumulators	10^3 U	180	250
Electric Batteries	10^3 U	--	39,000
Telephone Wire & Cables	Ton	2,220	3,500
Refrigerators	Unit	--	60,000
Stoves	Unit	--	75,000
Paper Pulp	10^3 T	26	135

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Continued . . .

PRODUCTS	UNITS OF MEASURE	PRODUCTION 1973	PRODUCTION 1977
Printing and Writing Paper	10^3 T	22	56
General Carpentry	10^3 M2	1,330	2,800
Agglomerated Cork	10^3 M3	48	88
Cement	10^3 T	1,026	3,500
Bricks and Tiles	10^3 T	618	2,000
Pottery Tiles	10^3 M2	600	2,200
Premixed Cement	10^3 T	9,000	18,000
Plate Glass	10^3 T	--	9
Nitrate Fertilizers	10^3 T	180	510
Phosphate Fertilizers	10^3 T	330	520
Detergents	10^3 T	28	30
Paint	10^3 T	35	55
Ammonia	10^3 T	120	148
Urea	10^3 T	--	129
Polyethylene	10^3 T	--	28
Polyvinylchloride	10^3 T	--	21
Methanol	10^3 T	--	85
Iron Ore	10^3 T	3,160	3,900

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Continued . . .

PRODUCTS	UNITS OF MEASURE	PRODUCTION 1973	PRODUCTION 1977
Zinc Concentrate	10^3 T	19	40
Phosphates	10^3 T	683	2,100
Mercury	10^3 Bottles (B=34.5 kg)		
Crude Petroleum	10^6 T	49.2	59.5
Condensate	10^6 T	1.0	4.8
Export Crude and Export Condensate	10^6 T	45.2	58.8
Refined Products	10^6 T	5.0	5.5
Field Gas	10^9 m^3	5.6	24.0
LNG (equivalent gas)	10^9 m^3	3.5	14.0
G.P.L.	10^3 T	425	1,575
Electricity	10^6 KWH	2,380	4,940
Public Distribution of Gas	10^6 m^3	955	2,460

These tables are useful both as the most authoritative figures of Algerian production in 1973 but also are a good indication of specific areas of investment under the Plan.

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FORECASTS AND NEEDS OF IMPORTS

1974 - 1977

In millions of $ — In volume (constant prices)

	1973*	1977	1974-1977
Goods for Alimentary Consumption 15.5%	750	1155	4220
Goods for Industrial Consumption 23%	375	687	2092
Raw Materials 31%	1,237	2,512	8617
Capital Goods 36%	1,300	3,130	9972
TOTAL MERCHANDISE	3,662	7,475	24,777
SERVICES	350	750	2,500
GENERAL TOTAL	3,762	8,225	27,277

* The quantities are valued according to prices at the beginning of 1974, including the quantities imported in 1973.

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INTERNATIONAL COMMUNICATIONS AND INFORMATION

The Media

THURSDAY, JUNE 9, 1977

UNITED STATES SENATE,
SUBCOMMITTEE ON INTERNATIONAL OPERATIONS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:14 a.m., in room 4221, Dirksen Senate Office Building, Hon. George S. McGovern (chairman of the subcommittee) presiding.

Present: Senators McGovern, Clark, Javits, and Percy.

Senator MCGOVERN. The subcommittee will please come to order.

If the witnesses would please all come to the table as a group, I believe we are ready to begin.

OPENING STATEMENT

This is the second of 3 days' hearings on international communications issues. Our aim is to find out what the Congress, the administration, and the public should be aware of as we enter the so-called "Information Age." We want to know what international implications the Congress and the Nation must consider.

Yesterday's panel of four witnesses discussed several economic matters, but mostly the national security, governmental organization, and human rights issues that we should know about. In addition, a considerable amount of time was spent on media matters, setting the stage for today's hearing.

Tomorrow, banking, business, and labor executives will provide us with yet another viewpoint.

One factor evident yesterday was that the international media situation has reached a crossroads of sorts. The world is becoming more dependent on credible, accurate information in almost every international activity. Much, if not most, of our current information comes from the media.

We in the United States, and, to a great extent, we in the Senate, make decisions based upon what we read, hear, and see in the media. We are a society that is a prime consumer of media messages. They affect our bodies—for instance, how we dress and what we eat or do not eat—and it affects this body politic.

For very different reasons, the socialist countries and many developing nations want more control over what the media say about them.

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This morning we will get a report on the present situation, and, hopefully, look into the future at what might be ahead for us and the media. We also will get a few ideas about actions which we might consider.

Before I recognize our witnesses, both Senator Percy and Senator Javits wish to make a brief statement, so I will defer to my colleagues.

OPENING REMARKS OF SENATOR PERCY

Senator PERCY. Thank you, Mr. Chairman. My comment will be very brief.

I simply wish to express appreciation to our distinguished witnesses for being here this morning. With three of them I have a treasured friendship. I am particularly regretful, therefore, that today is the final day of my hearings involving the future of the accounting industry, which are being held simultaneously with this hearing and I must return there. I know that you understand the conflicts that we have, but in this particular case it is with deep regret that I must leave here shortly.

I have read the testimony, and it is extraordinarily helpful to us.

Mr. Chairman, I would like to pay particular tribute to our staff member, George Kroloff, who has done such a fine staffing job on these particular hearings. They are going to be, I believe, among some of the most important hearings we have held, certainly in this field.

We welcome our very distinguished witnesses, and we appreciate the time, thought, and obvious effort which they have put into their testimony.

Senator MCGOVERN. Thank you, Senator Percy.

Senator JAVITS.

OPENING REMARKS OF SENATOR JAVITS

Senator JAVITS. Thank you, Mr. Chairman. I am not a member of this subcommittee, but I took the occasion to appear this morning because there are some very distinguished New Yorkers who are appearing here, notably Andrew Heiskell, one of the leading officials of Time, Inc., and Bill Sheehan of ABC. There are also other friends here, like Jack Valenti and Otis Chandler, and, of course, John Reinhardt, an official of our own Government. I wish to pay my respects to them and to assure them that I believe the whole committee is deeply interested in their testimony. I will stay as long as I can. I, too, am unbelievably overwhelmed with committee meetings this mornings.

I also want to say that I hope they will realize that they are using their time to great advantage. Our country is a country of great resources, not only material and spiritual, but also resources of tremendous experience and skill which have been proven in action. I know of few panels that offer greater proof of that than this one. That we can muster such outstanding executive talent to advise us as to how to proceed in the interests of our Nation is deeply gratifying to me.

Mr. Chairman, Senators similarly bring their talent and experience to the institution they serve. In this regard, I would like unanimous consent to introduce into the record of this hearing the article in the

Op-Ed page of The New York Times this morning by our own Chairman, Senator McGovern.

Senator McGOVERN. Thank you, Senator Javits. I would appreciate that article being put into the record.

[The information referred to follows:]

[From the New York Times, June 9, 1977]

THE INFORMATION AGE

By George McGovern

Washington—Just as we were beginning to feel comfortable about living in the space age, bold headlines in an I.B.M. advertisement told us "there's growing agreement that" we now are in the information age.

Since the "age" has reached a stage of maturity that is now proclaimed in nationwide advertising, the time has come when government, business, academia and the news media should begin to look at the ripening international implications.

For instance, the Russians have tried for several years to persuade delegates to United Nations organizations such as the United Nations Educational, Scientific and Cultural Organization that it is in their interest to adopt a "declaration" stating that all nations have the right to control information coming into their countries and going out—in other words, internationally approved censorship.

For very different reasons, the third world wants the same thing. Many kinds of developing nations say a vital part of the "new international economic order" is a "new international information order."

Further, the so-called nonaligned nations have been pushing a "Third World News Agency." In its most extreme incarnation, nations could deny United States correspondents the opportunity to go into their territories to report events on the theory that the controlled government news services, allied with the agency, would be the only reporters of internal events.

News-media access already is limited. Today United States news organizations cannot regularly get their reporters into nations such as Cambodia, Angola, North Korea and Ethiopia—nations in which events can and do influence our foreign policy.

While media questions have been very visible, the economic ramifications of international communications and the movement of information have gone virtually unnoticed.

Almost everything we manufacture can also be made abroad. Today, there is a school of thought contending that the greatest economic and political resource we have—and one possible difference between future red or black ink in the trade-balance account—is the sale of information and know-how. When it comes to computerized information, for example, we lead the world.

The control of information can be a new economic weapon in the arsenals of both developing and developed nations. One way to "attack" a nation such as the United States, which depends heavily on information and communications, is to restrain the flow of information—cutting off contact between the headquarters and overseas branches of a multinational firm; taxing telecommunications crossing borders; building information walls around a nation.

Commercial mining and oil corporations are learning how to use the data from experimental satellites to predict where best to explore. It is conceivable that somebody will be able to predict corn futures by reading printouts on Iowa or Soviet farm areas. Nations that don't have the ability to interpret the data fear that their economic livelihood can be adversely affected by companies or countries that can read the satellite output and act on the information.

Thus, a new phrase is entering the international lexicon—"information sovereignty"—the idea that nations own information about their citizens and their country and therefore have the right to use it as they see fit.

There is a clear security and intelligence factor in international communications technology and information flows. The treaty limiting strategic arms is largely a communications agreement. We don't bother Russian spy satellites and they don't bother ours. Yet, both superpowers reportedly are developing killer satellites.

Many Pentagon, State Department and business communications links are leased from unfriendly governments. Throughout the world, a growing corps of

government officials see control of communications as a possible lever to move the West.

Common sense, however, tells us there is a need for greater communication among peoples and nations—not less. Lack of information and understanding can lead to suspicion, fear, strife.

So the time has come to take a broad look at communications from an international perspective. We don't yet know the implications of the information age. Maybe one of the reasons the United States does not have an overall international communications policy or set of goals—and there appears to be no drive to develop them—is that we don't even know the right questions to ask.

WITNESSES

Senator McGovern. Today's lead-off witness will be Mr. Andrew Heiskell, chairman of Time Inc. Following him will be Mr. Otis Chandler, the publisher of the Los Angeles Times. Then we will hear from Mr. William Sheehan, senior vice president for news at the American Broadcasting Co., and Mr. Jack Valenti, president of the Motion Picture Association of America and the Motion Picture Export Association of America. I understand Mr. Valenti spends about two-thirds of his time dealing with international problems.

Our final witness is Mr. John Reinhardt, USIA Director and Head of the U.S. Delegation to the 1976 UNESCO Conference in Nairobi, Kenya, where media matters probably took more of the delegates' time, I think, than any other topic.

We have asked each witness to make a short oral presentation. After we have heard all of the opening statements, we then will have an opportunity for some questions.

Mr. Heiskell, I want to join Senator Javits and Senator Percy in welcoming you today. We are pleased to hear your testimony.

Please proceed.

STATEMENT OF ANDREW HEISKELL, CHAIRMAN, TIME, INC., NEW YORK, N.Y.

Mr. Heiskell. Thank you, Mr. Chairman and Senator Javits.

Time Inc., publishes five magazines, of which two, Fortune and Time, circulate internationally, Time in very significant numbers.

We also publish books, in 8 different languages ourselves, and in 18 other languages through licensing agents. We produce and distribute films for television, and our most popular series has shown in 47 countries.

Still another of our communications activities, though not international, has pioneered the use of satellites for full-time television operations, so we are keenly interested in international frequency allocations and spectrum management.

We have, therefore, a considerable interest in these hearings, and an appreciation of your initiative in seeking to establish an international communications policy for the United States.

In addition, I have served as Chairman of the Inter-American Press Association (IAPA), established to further a free press in Latin America, and I have been a member of the IAPA for 25 years. So personally as well as corporately I am deeply interested in these hearings.

TIME MAGAZINE BAN

Last year, the international edition of Time magazine was banned in 18 countries. In one of them, South Korea, it was banned 13 different weeks, or one issue out of four. In a number of other countries, our distribution was and is severely limited or completely prohibited.

The international edition of Time magazine, published in English and basically differing little from the U.S. edition, is in itself a large publishing enterprise with revenues greater than Redbook or Cosmopolitan. In many countries of the world, quite possibly in most countries of South America, Time International is the most important news publication that is not state-controlled.

In those countries a great many civic, political, and business leaders depend upon it as their sole unbiased source of international news and one which frequently affects their decisions.

Time International is an important part of our publishing business and when it is banned or its distribution interfered with, that hurts our overall business. But beyond that, banning and censorship impede the free flow of information—the right to know, which, together with most Americans, we regard as one of the fundamental human rights. Not incidentally, it is a right clearly spelled out in the Charter of the United Nations and in the Covenants of UNESCO.

ACCESS TO NEWS

That kind of interference by banning or exclusion is one side of the coin. More serious is the problem of access to the news, getting the information which in Time magazine, domestic and international, reaches 20 million or so Americans as well as 5 million largely non-American readers abroad.

Since little more than one-third of the world's population lives in a free society and that fraction was only one-fifth until the election in India this past March, our difficulties in gaining access to the news is not surprising. What is ominous is the way in which these difficulties are growing.

One of our senior correspondents, who was recently in Africa, finds a great difference in covering African news today compared to the late 1950's when he was based there. The African nations' post-independence flush of eagerness to tell everything has been largely replaced by an unwillingness to tell anything. The trend seems to be toward no dissemination of news unless it is originated by a country's own journalists.

Frequently these so-called journalists are really no more than government employees or propagandists. One knowledgeable Western journalist working in Africa recently told us that he did not exclude a boycott of the Western press. Such a boycott could eventually extend to total banning and prohibition of advertising sales.

The problem of access is not, of course, limited to Africa. Very few countries of Latin America, perhaps three or four, have what we would call a free press, which usually goes with free access. Many countries of Asia are equally difficult to cover. One of them has a predilection for putting distributors of offending magazines in jail. Others will not give our correspondents visas.

India, even before the recent authoritarian rule of Indira Gandhi, has given us special difficulties. For example, nearly 3 years ago, India attempted to tax our foreign news-gathering operation, and a tax claim was filed against us in the Indian courts. We have fought the claim and with the change in India's Government we feel we may be successful. But the application of such a principle of taxation could make news-gathering prohibitive for outside correspondents. Ordinarily this kind of levy is barred by tax treaties between nations. Unfortunately, we have not concluded tax treaties with many Third World countries.

BREAKING DOWN ACCESS BARRIERS

We have developed, of course, various ways of breaking down the access barriers, or at least some of them. One is to use "pigeons," not our feathered friends, but nonjournalist friends who can fly our correspondents' files out of a particular country. We also have one or two mythical correspondents in foreign countries to whom our correspondents abroad can telex messages that might be censored if they were telexed directly to the United States. Such messages can then be relayed to us in New York. Occasionally, as in a recent "Time" cover story on torture, we make it clear to certain countries that we are not using or even asking for reports from our correspondents or our stringers there. It would be too dangerous for them.

The problem for stringers can be especially severe. A stringer, as you know, is generally a topnotch, full-time journalist in his own country who moonlights for certain foreign press or broadcast media. Because stringers are usually citizens of the countries in which they work, they are even more vulnerable than foreign correspondents. They are subject to intimidation, dismissal, violence, and frequently to indirect attack through harassment of their families. If that makes you think of Eastern Europe, you will have to expand your horizons. Such a situation is now worldwide and the number of countries where it happens is increasing.

I call your attention to these problems of "Time," shared of course by other news media, because I feel they are also your problems and a fundamental problem of the American people as well. As Senators and lawmakers, you cannot consider coherent policies involving India, Ethiopia, or Chile, for example, if you are working from ignorance. Nor can the American people intelligently analyze or support your policymaking out of the depths of ignorance. The information we fail to get, they fail to get.

I am well aware that our Government has many channels of information outside the media. I believe, however, that first-rate journalists often can tell you things that other channels will not produce. I think, too, that foreign correspondents, under certain circumstances, can produce more information, at least certain kinds of information, than can local reporters.

I also suggest that governments from time to time are more sensitive to what is said about them outside their countries than within and that sensitivity is an additional reason why you should be concerned with our freedom of access to news and our ability to transmit

it. By "our" I mean not just Time Inc., but all media that provide meaningful information and observe high professional standards.

Where information does not exist rumor very often fills the vacuum. All of us, I am sure, know how insidious such rumor can be. If a little knowledge is a dangerous thing, an unfounded rumor can be even more destructive.

TIME INTERNATIONAL OPERATIONS

I mentioned at the outset that Time Inc.'s international operations also include books, films, and, tangentially, satellite communications. For our book operations, censorship and access have been less of a problem. We have concluded book licensing agreements with Moscow and with Eastern European countries which have gone remarkably smoothly, primarily because local publishers have taken care of the multitude of clearances and possible hindrances. We are fortunate that the titles which we are licensing deal primarily with such subjects as nature of science, cooking or art, so that political considerations rarely enter these agreements. Nonetheless, we are concerned that growing restrictions on the hard news side could easily spill over and damage as well this area of our operations. The urge to high-handed nationalism frequently feeds on itself.

CENSORSHIP, SURVEILLANCE OF TV FILMS ABROAD

Our sales of TV films abroad run into varying forms of censorship and surveillance. If the existence of the Soviet Union is even suggested in one show, it becomes a no-show in certain countries. Other countries feel the same way about the Vatican. In Sweden, one of the two national networks shows most episodes of a "Time-Life" animal series for children. Episodes with too much violence, animal violence, are refused, and shown on the other Swedish network. But overall in the television area we have for the moment no great problems.

Once again we are fortunate because our programs, designed to enlighten or educate, are seldom political or controversial. But, once again, we can sense that countries which turn in upon themselves with respect to news access are more likely to become increasingly insular and could eventually turn us out, in all communications areas.

Finally, I do not want to leave you with the idea that all our problems are with developing nations or in exotic places. We have been the victim of high nationalism right next door in Canada, where a discriminatory tax device, only a little less flagrant than the one I mentioned in India, forced us to suspend publication of our special Canadian edition. It is a device which unfortunately could be used against Canadian publications as well. And Canada is currently considering a law that would in effect be a 15 percent tax on non-Canadian produced pay-cable TV programing.

Turning south, we find Brazil proposing a law that would require 70 percent of all broadcast programing, radio and TV, to be domestically produced.

POWER OF COMMUNICATIONS

Communications have always played a shaping role in society. The printing press helped topple feudalism and prepare the way for an

industrial revolution which rose to its zenith with inexpensive paper, telephone, and telegraph. Television, by raising expectations to a historic flash point, is pushing some of the more developed countries toward a post-industrial society.

And while this power of communications is nothing new, the immensity of its power due to modern technology certainly has no precedent.

I believe the ways in which this new communications power is wielded will play a large role in determining how nations will evolve and how they will live with one another.

If the power is used narrowly, for paternalistic or jingoistic ends under the disguise of "developmental journalism" or "national identity," democracy will be the poorer and the more imperiled.

This does not mean that developing nations do not have special problems to which we should be sympathetic. They have, and we need to be sympathetic, understanding and helpful. But the rhetoric of development like the litany of Marxism should not be allowed to serve as a screen for narrowness, obfuscation and paranoia.

If this committee, if our Government can help formulate policies that will employ positively the immense power of modern communications and their free flow across boundaries and barriers, it will be taking a giant step for the well-being of our Nation and of the world.

Thank you, Mr. Chairman.

Senator McGovern. Thank you, Mr. Heiskell. That is a very thoughtful and I must say disturbing statement, but one that I think the committee very much needs to hear and to evaluate as best it can.

We do appreciate your testimony.

Our next witness is Mr. Otis Chandler of the Los Angeles Times.

Mr. Chandler, we are happy to have you here as a witness this morning.

STATEMENT OF OTIS CHANDLER, PUBLISHER AND CHIEF EXECUTIVE OFFICER, LOS ANGELES TIMES

Mr. Chandler. Thank you, Mr. Chairman.

Mr. Chairman and Senator Javits, I am honored to be here and to have the opportunity to share with you some of my concerns over U.S. news media problems abroad.

That these concerns are close to me is indicated, perhaps, by the fact that the Los Angeles Times does maintain 18 overseas news bureaus, a significant commitment of our own resources. Dispatches from our foreign correspondents reach not only our readers, but the millions of readers of some 300 newspapers that subscribe to the Los Angeles Times-Washington Post News Service. Obviously, coverage of foreign news is among our top priorities.

THIRD WORLD HOSTILITY, SOVIET RESTRICTIONS, CHINESE EXCLUSION

Of all of the problems associated with gathering foreign news, the two problems most disturbing to me are: first, the intensifying hostility of many Third World nations toward the Western media and the barriers some of these nations are erecting against the legitimate process of reporting the news; and second, the continuing restrictions on

U.S. correspondents in the Soviet Union and the continuing total exclusion of U.S. resident correspondents from the People's Republic of China.

In a way these problems meld, resulting as they do from the philosophy and approach of authoritarian regimes of all kinds toward press freedom. Some developing countries appear even to be patterning their information policies after those of Moscow and Peking. With the possible exception of a few Marxist-inclined Third World states, I do not mean to suggest collusion or conspiracy. For a variety of reasons other than ideology, certain Third World countries choose to seclude themselves from outside observation.

In terms of impediments, intimidation and exclusion of Western correspondents, a few African, Arab, and Asian states have gone even further than the Soviet Union did under Josef Stalin to isolate their societies from outside scrutiny. Others are nearly as seclusive.

To cite only a few examples, it is virtually impossible to report anything meaningful on a sustained basis today about Guinea, Nigeria, the Congo, Mozambique, or Angola in Africa; about Cambodia, Laos, or Burma in Asia; or about Iraq, South Yemen, or even Saudi Arabia in the Middle East. The list goes on. With the exception of Cuba, we have no such problem in Latin America.

There is irony—and perhaps a lesson—in the fact that over the past decade or so, the Soviet Union somewhat has eased restrictions on foreign correspondents based in Moscow, and in no small part as a result of diplomatic pressure and world opinion. Over the years, the State Department has viewed U.S. press representation in Moscow as an important element in our relations with the Soviet Union.

In this same period, conditions have worsened for the Western media in the Third World, where diplomatic efforts on behalf of foreign correspondents have been minimal, where publicity about the problems also has been minimal.

I attribute the lack of publicity in part to a general perception until now that these problems constituted a strictly professional dilemma to be solved, as other problems have been solved, by the news media alone, through patience, the ingenuity of reporters, and persistence. The solution has not been forthcoming.

Yet today, in my opinion, the problem of obtaining pertinent information about Third World nations has assumed dimensions of such national importance that it should have the time and attention of everyone. This is because the energy crisis plus recognition that accommodation must be reached with the Third World have impelled the United States to formulate new policies toward nonaligned areas of the world.

Thus the question arises, how can the Government formulate and the public pass judgment on a sensible policy toward a country about which we know little or nothing beyond information supplied by the Government's own agencies?

If it is deemed to be in the national interest of the United States to cooperate in building a new international economy system to assist the Third World, another question must be asked: Can the American taxpayer be expected to support policies benign toward nations secluding themselves behind malignant walls of secrecy?

These questions thrust the Third World coverage dilemma into the public domain. Already in the public domain, of course, are the matters of coverage in the Soviet Union and the People's Republic of China, subjects of diplomatic exchange Washington has with Moscow and Peking.

Since the Third World and the Communist world together embody some 80 percent of the world's population, we are confronting a very serious problem indeed. If there is to be international understanding, the flow of information must not continue to be impeded or to be dammed altogether.

From my own vantage point, the problems in covering much of the Third World are similar to those involved in reporting the Communist nations. These problems range from restrictions on visas and in-country travel, to reaching a spectrum of sources, to harassment and threats of expulsion.

ACCESS TO INFORMATION

Boiled down, what I am speaking of is *access*, access to information.

With very minor exceptions, direct, prior censorship has been discarded universally as a press control. Far more effective, however, for any nation seeking to control the flow of news to the outside world, is simply to restrict or to deny access to information.

It is too easy to write off as paranoia or xenophobia the reasons why certain nations wish to limit the access of Western media to their societies. Some regimes genuinely seem to believe that Western reporters are spies threatening their national security. Others label the Western press in general as a monolithic, sensation-seeking, capitalist institution, controlled or influenced by ruling "establishments," multinational corporations, and monopolists. Not a few of them simply are sensitive over corruption, scandal, social injustice, inefficiency, and dissident movements; they wish to avoid the publicity.

Whatever the reasons, the end result is an American public, in fact, a world public, that does not know all that it should know and needs to know about its neighbors in a shrinking world. Although the situation is bad now, it will grow worse if present trends continue.

DEVELOPING NATIONS OF AFRICA INACCESSIBILITY

For a closer look at the problems, let us first consider the developing nations of Africa.

Among African countries that rarely, if ever, allow a Western journalist to visit, are Uganda, Somalia, the Congo, Malawi, Guinea, and Equatorial Guinea. Nigeria also is very difficult to enter now.

In some countries that readily grant visas—Ethiopia is a case in point—a Western reporter is not allowed outside the capital except under highly controlled conditions, thus making it most difficult to make an accurate assessment in many areas. In other nations, a foreign journalist needs a travel permit to go beyond the capital, and a government escort may be assigned.

The recent events in Zaire's Shaba Province provide a good example of the difficulties a journalist encounters. No reporter was allowed to travel to Shaba except in closely escorted groups. Thus, they saw

only what the government wanted them to see, and none of them, or the outside world, had an adequate picture of what was happening. No journalist even heard a shot fired.

A Western journalist is always aware that his first visit to an African country may be his last if he writes something offensive to a particular government. We ask our correspondents not to let this affect their reportage. As a consequence, one of our former correspondents in Africa requested a transfer; in 4 years, he had been blacklisted in Nigeria for having covered both sides of the Biafra civil war, in Ethiopia for reporting on dissident students, and in Zambia and Zaire for reasons never quite ascertained.

After a correspondent enters an African country, his problem is reaching prime sources of information. On the government side, he generally is out of luck unless he gets to the very top—for example, a minister; lesser officials seem either afraid to talk or are uninformed. But persons in authority are often inaccessible. As a result, there is a tendency among Western correspondents to rely too much on Western diplomats for information on these countries.

This leads to problems for everyone, including the host country. As an example, Ethiopia complains that journalists ignore the Government's point of view. Yet, at the same time, it restricts their travel and access to knowledgeable officials, making it almost impossible to get the Government viewpoint in the first place. Ethiopia grumbles that Western media representatives have not taken a penetrating look at land reform, the heart of the 2-year-old revolution. But the Government permits them to travel only to model Government villages in the presence of a Government civil servant.

ACCESSIBILITY IN THE ARAB WORLD

In the Arab world, the picture is mixed. Some of these nations are among the most inaccessible and unfriendly in the world for an American correspondent. Getting a visa to Iraq, for example, is almost as difficult as getting one to South Yemen, which refuses to let anyone from the American press cross its borders. Saudi Arabia, too, presents various problems.

Yet, accessibility to prime sources is improving slightly in some Arab countries, notably Egypt and Syria. While it is still next to impossible for a reporter to interview a member of the Kuwaiti ruling family, authoritative sheiks in Saudi Arabia, once a visa is granted, and the United Arab Emirates are increasingly accessible.

While leading Egyptian and Syrian officials have opened their doors slightly to the press, they appear to prefer as a matter of policy to see visiting reporters and editors rather than resident Middle East correspondents, who naturally are better informed on day-to-day developments and might be better equipped to ask deeply penetrating questions.

On the whole, official access to news sources is still very limited. But as it is with most business and diplomatic endeavors in the Arab world, a journalist's fact gathering depends heavily upon unofficial access to information, that is, close personal relationships and contacts. There are implicit dangers in this kind of news gathering, not the least of

which is protective self-censorship. An open official information system would be far better, but it is not now foreseeable.

NEWS ACCESSIBILITY THROUGHOUT SOUTHEAST ASIA

Throughout Southeast Asia, life became more difficult for foreign correspondents following the defeat of non-Communist governments in Indochina in 1975. In Cambodia, Vietnam, and Laos, foreign correspondents were virtually banished, and still are. In the non-Communist states of Thailand, Indonesia, Malaysia, Singapore, and the Philippines, American correspondents felt themselves under increased pressure.

By various degrees, the governments of the non-Communist states were all authoritarian except Thailand, which was soon to revert to military rule, and they generally viewed the role of the Western press in neighboring Indochina with scarcely concealed distaste. More deeply, they held a distrust of Western journalists that began with the emergence of nationalist attitudes after World War II.

These attitudes were present but generally subdued through the Vietnam years, when the U.S. presence was strongly felt in the area and served as something of a protective umbrella. U.S. influence is now low throughout Southeast Asia, and these governments feel they have more latitude in dealing with correspondents, who are primarily American or working for American organizations.

It should be emphasized that, despite increasing pressures upon them, foreign correspondents can and do move with relative freedom throughout the non-Communist states of Southeast Asia. The welcome varies from country to country and depends a great deal on the immediate domestic situation at the time; it is seldom warm, but neither is it actively hostile.

In this area, too, there are the usual problems: occasional expulsion, the sensitive subject, redtape and bureaucracy, and difficult access to good sources. At best, contacting responsible officials has always been an imprecise process in Southeast Asia, complicated as much by bureaucracy, perhaps, as by intent.

ACCESSIBILITY TO NEWS SOURCES IN INDIA

Special mention should be made of India. In the 21 months of Mrs. Gandhi's emergency rule, New Delhi expelled a number of Western correspondents, imposed censorship and guidelines for the press, denounced the Western media with vicious rhetoric, and intimidated correspondents with threats of expulsion. In this period, sources dried up; Indians from all walks of life were freightened of contact with foreign correspondents. It was a classic case of an uncertain government using totalitarian means against the media.

With the March elections, a new government ended all this, and the biggest problem a foreign correspondent has today in India is coping with the redtape so common among the bureaucracy obsessed nations of the Third World.

INFORMATION AVAILABILITY IN SOVIET UNION, PRC

The basic situations for Western correspondents in the Soviet Union and the People's Republic of China [PRC] are well known.

In the Soviet Union, the number of American newsmen is determined by the number of Soviet journalists assigned to Washington in a reciprocal understanding. Although the State Department monitors the treatment accorded to Americans in Moscow, and probably has assisted in improving working conditions. U.S. newsmen still are subject to harassment, limitations on travel, and access to information and other restrictions. In fairness, however, it should be pointed out that the trend in information availability has been positive over the past decade.

To cite the most obvious improvement, it is inconceivable that a Sakharov, or any other dissident, 10 years ago could have held an open press conference. In the wake of the Helsinki accords, travel restrictions have eased, but just a bit. The fundamental difficulty is still the same: so much information is branded as secret.

The People's Republic of China still prohibits American journalists from residing there, and says it will continue to do so until Washington and Peking establish full diplomatic relations. Even so, with the encouragement of our diplomats, Peking has permitted a number of U.S. reporters to visit Chine, but for limited periods.

I would like to suggest that only to an extent can the news media on their own, individually and collectively, press forward their message to the nonalined world. If our experience with the Soviet Union is applied, diplomatic support is essential, too.

There was a lesson during India's emergency rule, when New Delhi threatened to expel West German correspondents as it was expelling some Americans. After the threat, I am told, German officials let it be known that expulsion of German correspondents would be so unpopular at home that foreign aid might be stopped. The Indians relented and the German reporters stayed.

I believe it is self-evident that the interests of the public would be served by dissolution of the roadblocks to information throughout so much of the world. And in the longer term, a free flow of information also would serve the interests of the nations that now impede it.

In conclusion, if the American people are to be expected to support programs assisting developing nations, an early requisite is that they receive the information from those nations essential to forming prudent judgments.

Thank you very much.

[Mr. Chandler's prepared statement follows:]

PREPARED STATEMENT OF OTIS CHANDLER

I am honored to be here and to have the opportunity to share with you some of my concerns over United States news media problems abroad.

That these concerns are close to me is indicated, perhaps, by the fact that the Los Angeles Times maintains 18 overseas news bureaus, a significant commitment of our resources. Dispatches from our foreign corresponents reach not only our readers but the readers of some 300 newspapers that subscribe to the Los Angeles Times-Washington Post News Service. Obviously, coverage of foreign news is among our top priorities.

Of all the problems associated with gathering foreign news, the two problems most distressing to me are:

First, the intensifying hostility of many Third World nations toward the western media and the barriers some of these nations are erecting against the legitimate process of reporting the news.

Second, the continuing restrictions on United States correspondents in the

Soviet Union and the continuing total exclusion of United States resident correspondents from the People's Republic of China.

In a way, these problems meld, resulting as they do from the philosophy and approach of authoritarian regimes of all kinds toward press freedom. Some developing countries appear even to be patterning their information policies after those of Moscow and Peking. With the possible exception of a few Marxist-inclined Third World states, I do not mean to suggest collusion or conspiracy. For a variety of reasons other than ideology, certain Third World countries choose to seclude themselves from outside observation.

In terms of impediments, intimidation and exclusion of western correspondents, a few African, Arab and Asian states have gone even further than the Soviet Union did under Josef Stalin to isolate their societies from outside scrutiny. Others are nearly as seclusive.

To cite only a few examples, it is virtually impossible to report anything meaningful on a sustained basis about Guinea, Nigeria, the Congo, Mozambique or Angola in Africa; about Cambodia, Laos or Burma in Asia; or about Iraq, South Yemen or Saudi Arabia in the Middle East. The list goes on. With the exception of Cuba, we have no such problem in Latin America.

There is irony—and perhaps a lesson—in the fact that over the past decade or so, the Soviet Union somewhat has eased restrictions on foreign correspondents based in Moscow, in no small part as a result of diplomatic pressure and world opinion. Over the years, the State Department has viewed United States press representation in Moscow as an important element in our relations with the Soviet Union.

In this same period, conditions have worsened for the western media in the Third World, where diplomatic efforts on behalf of foreign correspondents have been minimal, where publicity about the problems also has been minimal.

I attribute the lack of publicity in part to a general perception until now that these problems constituted a strictly professional dilemma to be solved, as other problems have been solved, by the news media alone, through patience, the ingenuity of reporters and persistence. The solution has not been forthcoming.

Yet today, in my opinion, the problem of obtaining pertinent information about Third World nations has assumed dimensions of such national importance that it should have the attention of everyone. This is because the energy crisis plus recognition that accommodation must be reached with the Third World have impelled the United States to formulate new policies toward non-aligned areas of the world.

Thus the question arises: How can the government formulate and the public pass judgment on a sensible policy toward a country about which we know little or nothing beyond information supplied by the government's own agencies?

If it is deemed to be in the national interest of the United States to cooperate in building a new international economic system to assist the Third World, another question must be asked: can the American taxpayer be expected to support policies benign toward nations secluding themselves behind malignant walls of secrecy?

These questions thrust the Third World coverage dilemma into the public domain. Already in the public domain, of course, are the matters of coverage in the Soviet Union and the People's Republic of China, subjects of diplomatic exchange Washington has with Moscow and Peking.

Since the Third World and the Communist world together embody some 80% of the world's population, we are confronting a very serious problem indeed. If there is to be international understanding, the flows of information must not continue to be impeded or to be dammed altogether.

From my own vantage point, the problems in covering much of the Third World are similar to those involved in reporting the Communist nations. These problems range from restrictions on visas and in-country travel, to reaching a spectrum of sources, to harassment and threats of expulsion.

Boiled down, what I am speaking of is access: access to information. With very minor exceptions, direct, prior censorship has been discarded universally as a press control. Far more effective for any nation seeking to control the flow of news to the outside world is simply to restrict or to deny access to information.

It is too easy to write off as paranoia or xenophobia the reasons why certain nations wish to limit the access of western media to their societies. Some regimes genuinely seem to believe that western reporters are spies threatening their

national security. Others label the western press in general as a monolithic, sensation-seeking, capitalist institution controlled or influenced by ruling "establishments," multinational corporations and monopolists. Not a few of them simply are sensitive over corruption, scandal, social injustice, inefficiency and dissident movements; they wish to avoid the publicity.

Whatever the reasons, the end result is an American public—in fact, a world public—that does not know all that it should know and needs to know about its neighbors in a shrinking world. Although the situation is bad now, it will grow worse if present trends continue.

For a closer look at the problems, let us first consider the developing nations of Africa.

Among African countries that rarely if ever allow a western journalist to visit are Uganda, Somalia, the Congo, Malawi, Guinea and Equatorial Guinea. Nigeria is very difficult to enter.

In some countries that readily grant visas—Ethiopia is a case in point—a western reporter is not allowed outside the capital except under highly controlled conditions, thus making it most difficult to make an accurate assessment in many areas. In other nations, a foreign journalist needs a travel permit to go beyond the capital—and a government escort may be assigned.

The recent events in Zaire's Shaba Province provide a good example of the difficulties a journalist encounters. No reporter was allowed to travel to Shaba except in closely escorted groups. Thus, they saw only what the government wanted them to see and none of them—or the outside world—had an accurate picture of what was happening. No journalist even heard a shot fired.

A western journalist is always aware that his first visit to an African country may be his last if he writes something offensive to a particular government. We ask our correspondents not to let this affect their reportage. As a consequence, one of our former correspondents in Africa requested a transfer; in four years, he had been blacklisted in Nigeria for having covered both sides of the Biafra civil war, in Ethiopia for reporting on dissident students and in Zambia and Zaire for reasons never ascertained.

After a correspondent enters an African country, his problem is reaching prime sources of information. On the government side, he generally is out of luck unless he gets to the very top—a minister; lesser officials seem either afraid to talk or uninformed. But persons in authority are often inaccessible. As a result, there is a tendency among western correspondents to rely too much on western diplomats for information on these countries.

This leads to problems for everyone, including the "host" country. As an example, Ethiopia complains that journalists ignore the government's point of view. Yet at the same time it restricts their travel and access to knowledgeable officials, making it almost impossible to get the government viewpoint in the first place. Ethiopia grumbles that western media representatives have not taken a penetrating look at land reform, the heart of the two-year-old revolution. But the government permits them to travel only to model government villages in the presence of a government civil servant.

In the Arab world, the picture is mixed. Some of these nations are among the most inaccessible and unfriendly in the world for an American correspondent. Getting a visa to Iraq is almost as difficult as getting one to South Yemen, which refuses to let anyone from the American press cross its borders. Saudi Arabia, too, presents problems.

Yet accessibility to prime sources is improving slightly in some Arab countries, notably Egypt and Syria. While it is still next to impossible for a reporter to interview a member of the Kuwaiti ruling family, authoritative sheiks in Saudi Arabia—once a visa is granted—and the United Arab Emirates are increasingly accessible.

While leading Egyptian and Syrian officials have opened their doors slightly to the press, they appear to prefer as a matter of policy to see visiting reporters and editors rather than resident Middle East correspondents who naturally are better informed on day-to-day developments and might be better equipped to ask deeply penetrating questions.

On the whole, official access to news sources is still very limited. But as it is with most business and diplomatic endeavors in the Arab world, a journalist's fact gathering depends heavily upon unofficial access to information—that is, close personal relationships and contacts. There are implicit dangers

in this kind of news gathering, not the least of which is protective self-censorship. An open official information system would be far better but it is not now foreseeable.

Throughout Southeast Asia, life became more difficult for foreign correspondents following the defeat of non-Communist governments in Indochina in 1975. In Cambodia, Vietnam and Laos, foreign correspondents were virtually banished—and still are. In the non-Communist states of Thailand, Indonesia, Singapore and the Philippines, American correspondents felt themselves under increased pressure.

In various degrees, the governments of the non-Communist states were all authoritarian except Thailand, which was soon to revert to military rule, and they generally viewed the role of the western press in neighboring Indochina with scarcely concealed distaste. More deeply, they held a distrust of western journalists that began with the emergence of nationalist attitudes after World War II.

These attitudes were present but generally subdued through the Vietnam years when the United States presence was strongly felt in the area and served as something of a protective umbrella. United States influence is now low throughout Southeast Asia and these governments feel they have more latitude in dealing with correspondents, who are primarily American or working for American organizations.

It should be emphasized that despite increasing pressures upon them, foreign correspondents can and do more with relative freedom through the non-Communist states of Southeast Asia. The welcome varies from country to country and depends a great deal on the immediate domestic situation at the time; it is seldom warm but neither is it actively hostile.

In this area, too, there are the usual problems: occasional expulsion, the sensitive subject, red tape and bureaucracy, and difficult access to good sources. At best, contacting responsible officials has always been an imprecise process in Southeast Asia, complicated as much by bureaucracy, perhaps, as by intent.

Special mention should be made of India. In the twenty-one months of Mrs. Gandhi's emergency rule, New Delhi expelled a number of western correspondents, imposed censorship and "guidelines" for the press, denounced the western media with vicious rhetoric, and intimidated correspondents with threats of expulsion. In this period, sources dried up; Indians from all walks of life were frightened of contact with foreign correspondents. It was a classic case of an uncertain government using totalitarian means against the media.

With the March elections, a new government ended all this and the biggest problem a foreign correspondent has today is coping with the red tape so common among the bureaucracy-obsessed nations of the Third World.

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I believe it is self-evident that the interests of the public would be served by dissolution of the roadblocks to information throughout so much of the world. And in the longer term, a free flow of information also would serve the interests of the nations that now impede it. If the American people are to be expected to support programs assisting developing nations, an early requisite is that they receive the information from those nations essential to forming prudent judgments.

In addition to improving the accessibility of American newspapers to genuine news sources in the Soviet Union, there is need for the United States government to assist American book publishers to reach those authors who are writing interesting of life in the Soviet Union, in both fiction and nonfiction.

The Soviets claim there are many such talented, nondissident writers in the USSR. American book publishers are eager to test this claim, but direct access remains a problem. There have been "seminars" and an exchange of visits by Russian and American publishers. While these contacts have enabled American publishers to obtain some limited direct access to Russian authors, this has been confined to the noncontroversial fields of the sciences, and all negotiations have been conducted in the offices of Soviet Union state agencies.

Conversely, the Soviet state-supported publisher has free access to the entire spectrum of United States publishing, subject only to satisfactory commercial terms.

A protocol on mutual cooperation is currently being negotiated between the Associaiton of American Publishers and the Soviet State Committee on Publishing, Printing and Book Trade. This may lead to more systematic relations and thus to improved American access to Soviet authors, but improvement is most likely to be limited to the sciences and other "noncontroversial" subjects.

A critical difference in the position of the parties is that the Soviet agency for publishing has the policy advice and economic resources of its government, while the American publishers operate individualy, and within their own economic resources, and largely without government guidance or support.

Official United States efforts to obtain freer access to information sources in countries like the USSR should accordingly extend to book publishing, and the current independent efforts of American publishers to obtain direct access to authors and books of potential interest to American readers should be vigorously supported by the State Department.

There is a need for a higher and more sustained level of officially supported programs that can expand the flow of information beyond technical areas into wider and more critical areas of exchange.

A broad cultural exchange between the two countries has been and should continue to be a part of the overall United States–Soviet relations.

Thank you, Senators.

COMMENDATION OF WITNESS

Senator CLARK [presiding]. Thank you very much for an excellent statement, and a broad ranging one, covering a number of countries. This has been most valuable.

It is difficult to imagine an area that is more important than the free flow of information in terms of any judgments that we make. We think that we have the finest press in the world in the sense of their ability to dig out the facts as well as to analyze.

I happen to be particularly interested in African affairs, and I followed your remarks there most particularly, as Mr. Reinhardt and others probably have, concerning the real difficulties in terms of getting accurate information. I suspect that the continent of Africa is not really much different from Asia in terms of the difficulties involved. So, we are very, very pleased to have your comments.

93-147—77——14

HEARING PROCEDURE

We are going to have to take a very brief recess. I see that I have only about 4 minutes to get to the vote on the clean air bill. Senator McGovern is voting and on his way back and should probably be here within a minute or two. But I think I had better not wait any longer.

[A brief recess was taken.]

Senator McGOVERN [presiding]. Members of the panel, I want to apologize for these rollcall interruptions. I am afraid there may possibly be two more before we finish. We will do the best we can to move things along.

I think, Mr. Sheehan, that you were just ready to begin your testimony, so please proceed.

Mr. Chandler, thank you for your testimony.

Mr. Sheehan.

STATEMENT OF WILLIAM SHEEHAN, SENIOR VICE PRESIDENT FOR NEWS, AMERICAN BROADCASTING CORP.

Mr. SHEEHAN. Thank you, Mr. Chairman.

I am grateful for the opportunity to be present today to give you my views concerning some of the problems that U.S. television and radio news-gathering organizations face in covering international news.

I am including in my remarks the consensus of some of our most experienced correspondents and producers who regularly work outside the United States and face on a story-by-story basis some of the problems around the world.

U.S. PRESS FREEDOM COMPARISON

There is nowhere in the world where press freedom and an unimpeded free flow of information and the right of access to that information is comparable to the United States.

The opposite end of the spectrum can be found in the Soviet Union and in many of the undeveloped countries of the world, where news is a guarded commodity, and where information unattractive to the sensitivities of the government and bureaucracy is kept out of sight. In these areas, the reporting of bad news is considered subversion, and even practicing journalists subscribe to the theory that what's bad for the government is best left unsaid.

Clearly, our system of freedom of the press is a minority view in the world, a system not honored nor emulated. This, I believe, is a fact of life that is not likely to change, and a fact that our Government must be aware of, and that our readers, listeners, and viewers must be aware of as they form their perceptions of the world through news reports.

INTERNATIONAL NEWS CENSORSHIP

Our greatest problem in covering international news is censorship. The degree of censorship we face abroad varies. Generally, the more democratic a country is, that is, the greater the degree of personal

and political freedom enjoyed by its own citizens, the less onerous are the restrictions the American journalist confronts.

Censorship takes many forms. The old-fashioned censor with the snipping scissors often appears in more sophisticated disguises today. Thus, we have censorship by visa, censorship by facilities, censorship by filming permits, censorship by customs officials, and in at least one instance, censorship by excessive hospitality. [General laughter.]

Mr. SHEEHAN. Television and radio reporting, while not basically different than print in the information it requires, does have some technical complications that open up avenues of censorship outside the traditional stream.

Our reporting teams travel with more manpower and more equipment than our colleagues in print, and this raises the potential of additional obstacles to the flow of information. We depend on satellites and radio circuits and film laboratories and the use of technicians in the host country in many instances. We need export licenses to send film and tape. Television teams are a most conspicuous presence.

Many countries, particularly the Third World countries, demand a list of topic areas or subject matters to be covered before issuing visas to a television news team. Then, if a subject on the list appears to present even the slightest prospect for embarrassing the government in power, the visas never arrive. They are never overtly refused; they just never arrive at the Embassy where the application was made.

In other instances, we may find that the local television facilities, almost always government dominated and usually government-owned, are faulty or unavailable for satelliting if the story does not please the government. For example, satelliting is fairly routine out of Bangkok, unless the story involved meets government disapproval. Then the facilities inevitably break down just prior to the satellite deadline.

Similarly, customs officials are in a position to block the shipment of news. The technology of television translates into a range of paraphernalia which arouses greater suspicion than the notes a print reporter can easily conceal.

There is no government censor sitting in our bureau in Moscow, but anything beyond the most casual street scene filming requires a tortuous trip through the bureaucracy to obtain permission to visit a farm or travel to Leningrad or whatever. The permission never comes in any instance where the Soviets even suspect that they might not be presented in any but the most flattering light.

In Egypt, the suspicion of foreign journalists is so prevailing that ordinary citizens will interfere with the filming on the street if they feel their nation might be embarrassed by the story. They have harassed camera crews shooting innocuous standuppers—reporter reports to the camera—because the background just coincidentally showed the filth of Cairo.

Israel is an example where censorship is of the old-fashioned kind. Technically, all our scripts must be seen and rubber-stamped by the government censor, as must our film. The Israeli Government justifies censorship as necessary to the nation's security and survival. Whether the censorship rules are fair depends upon your side of the fence, and also depends upon how the rules are administered from one occasion to the next.

We can all appreciate that there will be military information which the Israeli Government, or any government for that matter, will want to keep secret. However, Israelis themselves have criticized their government on the grounds that this principle has been abused in the past and used for political reasons in some instances.

In Angola, an ABC team was greeted at the border and assured that it was most welcome—so welcome that the crew certainly need not stay in a hotel, but rather in a suburban guest house. The crew was also told they did not need to rent cars because a government chauffeur and car were always available. This was censorship by hospitality, excessive hospitality. Obviously, the crew was under close supervision in the guest house and the chauffeured car, and not permitted to wander from either, lest they shoot film the Government did not want exposed.

Often this dread of our reporting is unnecessary and self-defeating, even for the government practicing the censorship. Often the stories to be shot would not show the government in a bad light, and often they would lead to a better understanding of the people and government involved.

But the concept of a free flow of news is so foreign to many governments that they have a pathological fear of any reporting which they do not actually control.

It would be ideal from our point of view if these nations could adopt the concept of a free flow of news. There is indeed a fraternity of television news people worldwide which produces an almost instant common understanding when not discouraged by politics or politicians. The technical facilities worldwide are remarkably compatible for an exchange of news, and the techniques, even journalistically, are often quite similar when it comes to reporting a story which has no political implications.

U.S. GOVERNMENT ROLE

Having cataloged our problems, I would like to close with my personal opinion regarding the Government's role in these matters. I do not believe that the Senate, or the Government at any level, should directly take up the problems that news gathering organizations have, and intercede with other governments. I feel that the first amendment precludes such action, that the Government's role should neither be in support of nor opposition to the press.

With the best of intentions and motivation, it seems to me that a precedent would thus be established whereby restrictions could be imposed in some future circumstance. If the Government can ask another country to ease the coverage of news in one instance, why cannot the other country ask for restrictions in some delicate situation in the future?

Obviously, it is to everyone's advantage that the facts and the circumstances be known. But I feel that, having stated the problem, it is best that the Government not set any agenda to attempt to find solutions on behalf of the American free press.

Thank you for the opportunity to appear before this subcommittee.

Senator McGovern. Thank you very much, Mr. Sheehan. We very much appreciate your statement.

Mr. Valenti, I think I will run over to cast my vote rather than have you start and then be interrupted. So we will take another 5-minute break. I think this is only going to happen one more time. I will try to get back in just a few minutes.

[Pause.]

Senator McGovern. Hold everything—I think we have somebody to take my place.

Secretary Percy [presiding]. Mr. Valenti, were you in the middle of your testimony?

Mr. Valenti. No, sir, I had not had a chance to become eloquent yet. I was about to begin, Senator Percy.

Senator Percy. Very well, please proceed.

STATEMENT OF JACK VALENTI, PRESIDENT, MOTION PICTURE ASSOCIATION OF AMERICA AND MOTION PICTURE EXPORT ASSOCIATION OF AMERICA, WASHINGTON, D.C.

Mr. Valenti. If you don't mind, Mr. Chairman, I will abandon my formal text and try to extemporize a bit about some of the pertinent points made in that text.

For the record, I am the president of the Motion Picture Association of America, which does have a modest identity in this country. I am also president of the Motion Picture Export Association, which is obscurely known here.

As you know, the Export Association is a Webb-Pomerene Corporation, which operates abroad exclusively on behalf of its member companies.

Senator Percy. Indeed, you are one of our best balance-of-payments suppliers. Is it around $400 million?

Mr. Valenti. I am willing to accept that figure, Senator. [General laughter.]

The Webb-Pomerene Act is best known as the Export Trade Act of 1918, and it gave limited immunity from antitrust laws to American companies operating abroad so that they could more freely compete with the cartels and foreign governments.

Our member companies, which are the nine largest producers-distributors of film in the world, operate a small state department abroad. We have offices in London, Paris, Rome, Rio de Janeiro, Mexico City, Manila, New Delhi, Dakar in Senegal, and Lagos in Nigeria. We also have film boards in 42 other countries. These film boards are composed of representatives of our own member companies. They operate on behalf of their companies there, and then form film boards to keep us informed.

Every day there are cables coming into my office telling me about the political, social, and economic trends in these countries around the world in which we do business. We do business, that is we lease American films, in practically all the countries with which we have diplomatic relations. We are not doing business with some other countries, either because of problems that exist in trade relations or because of

strife and similar problems, such as in Laos and Cambodia for example.

We have approximately $700 to $730 million a year that we bill these foreign countries for leasing of television and theatrical films, and as you pointed out in a wholesome way, we do return to the United States a surplus balance of payments of some $400 million a year. So we are at least a sturdy part of keeping the strength of the dollar alive.

We are free traders. I guess next to John Wayne, Kirk Douglas, and Robert Redford, Adam Smith is one of our favorite people, at least insofar as a free market is concerned.

We believe that free trade is the only salvation that we are going to have in dealing with countries around the world. The minute anybody tries to erect trade barriers, there is a viral contagion effect which spreads all over the world, and suddenly you find yourself faced with all kinds of problems that you wish you did not have.

TARIFF REDUCTION PLAN SUPPORTED

We subscribe, I might say, to the latest declaration emanating from the London summit which asks for a tariff reduction plan of the broadest possible kind and harmonization of these tariffs, and also codes, agreements, and measures which are going to eliminate nontariff trade barriers. This is a splendid document. Unfortunately, it is detached from realism.

We have problems around the world—oh, do we have problems. In the Western industrial countries, we more or less have moderately successful working conditions. But in the rest of the world we have to leap over, like an Olympic high jumper, the most bewildering kinds of barriers and hurdles of all kinds. The ingenuity of man would be hard pressed to devise any more creative plans than foreign countries have devised to keep us from doing business. In many countries, there is a theory afloat that, if you can strangle the American film that is being exported abroad, by some osmosis their own native film industry is going to spring in full splendor, like Aphrodite from the foaming sea, as a mature and nourished film industry. The fact that this theory is defective, even absurd, and certainly wrong, is of no avail to us. It pursues us around the world with a malignant fidelity.

NATIONALISM PROBLEMS

Now, what are some of these problems? They stem mostly from nationalism. Senator Percy, I might also say that they spring from an anti-Americanism which is sometimes beneath the surface. Like a sleeping volcano, it rumbles around the world, and it erupts around the world in various forms. We face government monopolies with which we refuse to deal. As a matter of fact, there are government film monopolies today in Iraq and Libya, Madagascar, Sri Lanka, Syria, Tanzania, and Indonesia. We have taken it upon ourselves to refuse to do business with government-ordered monopolies.

If they are in an economy that is not entirely communized or socialized, in other words, if they have singled out from all industries the

film industry in which to contruct a government monopoly to buy and sell film, we refuse to deal with that government monopoly. If we are being singled out, we have politely refused to do business with those countries.

BARRIERS FACING FILM EXPORT BUSINESS

We have other barriers which face us, such as box office admissions taxes, screen quotas, import quotas, censorship. With the exception of the United States, and a couple of other countries around the world, every other country has film censorship in some form, even in the Western democracies. This censorship is inflamed and tortured to a larger extent in these other countries.

We have remittance restrictions, local dubbing license requirements, local printing decrees, exorbitant income and special tax levels, production subsidies to domestic films financed by taxes or other imposts on foreign imports of mainly American films.

We have these problems all over the world, and we are fighting them constantly. Just some months ago, we stopped shipment of American films to Thailand. Why? It was because they increased their import duties by 1,500 percent. The duty was exorbitant and bore no relationship to reason or rational judgment. We simply said that we cannot do business with that kind of tax level.

For the most part, we go it alone in our dealings abroad. This is mainly because the State Department is sometimes powerless to help us, and also because film is not too high on the priority list of urgent problems facing ambassadors abroad. This is not to say that the State Department and its ambassadors have not been helpful when they could. They have. They have been hospitable and kind to the extent that they can be.

Sometimes we have to call on our Government because it takes a government to speak to government. There are those areas which are beyond the reach of private interests such as our organization, examples being tariffs, taxes, and patently unfair discriminatory competitive practices.

U.S. GOVERNMENT UNDERSTANDING OF PROBLEMS

Senator PERCY. Mr. Valenti, do you find that when you feel compelled to go to government and to embassies that you receive sympathetic understanding? Do you feel that you are dealing with people of competence who have the clout in these countries to plead our case?

Incidentally, I think the panel would be interested in the amendment which we just voted on. It is a Buy American amendment to discriminate against imported cars. It was tabled.

These tendencies that you see all over the world also exist right here at home. We are constantly fighting to keep our trade lanes open and free, and to not be hypocrites in the world. How do we deal with the discrimination against you by government monopolies and so forth if we do the same thing right here?

Mr. VALENTI. I would have to say that I share that feeling completely. One of our assets is that the American film market is totally free. Swedish film, Indian film, Soviet film, or Italian film, has the

same access to this market as American film, and that is the way it ought to be. The public ought to decide. That is one reason why the American film is the most wanted export abroad. While governments may fulminate against American films, foreign audiences love them. We dominate world screens—not because of armies, bayonets, or nuclear bombs, but because what we are exhibiting on foreign screens the people of those countries want to see.

To answer your question, I think it largely depends on the competence, skill, and the instinctual assets of the particular ambassador. Never have we been treated unkindly or in a hostile fashion. The ambassadors are always eager to try to help within the embrace of their power to help.

But, as I have said, we mainly go it alone, we have to fight our own battles around the world. That is all right with us, because we do have one essential weapon, and that is the creative imagination of the American film maker. We are able to create a product that people want to see. That is our best weapon.

NONTARIFF TRADE BARRIERS

Let me conclude by saying that I think that we probably see in larger fashion some of the more insidious forms of nontariff trade barriers than do others. Some of my colleagues here are talking about print and television, and they are forced into dealing with the real world. We are dealing with the world of make-believe, though in many ways these worlds curiously merge. We come up against bureaus, cabinet officers, ministries, and governments themselves.

But essentially, governments do not want to have foreign films dominating their screen. Now, whereas the Los Angeles Times and Time magazine may have enormous influence, I dare say that local newspapers and magazines may be the more sought-after medium by the local people. In a strange way, though, American film sometimes so dominates in a country that this causes envy, distaste, and sometimes rebuttal in various forms by foreign governments. This is not because of our power but because the public prefers to see these films over the local product.

Thank you, Mr. Chairman.

[Mr. Valenti's prepared statement follows:]

PREPARED STATEMENT OF JACK VALENTI

Mr. Chairman, and members of the Committee: Your inquiry into international communications including motion pictures and television programs has consummate interest for me as a citizen and as president of the Motion Picture Export Association of America. This area needs the earnest attention of us all and I appreciate your inviting me to appear on the panel this morning.

My name is Jack Valenti. The address of the Export Association (MPEAA) in Washington D.C., is 1600 Eye Street, N.W. This Association is one of three separate but related organizations of which I am president. The other two are the Motion Picture Association of America, the domestic arm, also located at 1600 Eye Street in Washington, and the Association of Motion Picture and Television Producers in Hollywood.

The Export Association is a Webb-Pomerene association which is engaged exclusively in foreign trade in behalf of its members. As you know, the Export Trade Act of 1918 grants limited immunity from the antitrust law to American companies for the purpose of enabling them to compete more fairly in promoting

American exports. The nine members of MPEAA, comprising leading distributors of motion picture and television programs around the world are:

Allied Artists International Corporation, Avco Embassy Pictures Overseas Corporation, Columbia Pictures International Corporation, Metro-Goldwyn-Mayer, Inc., Paramount Pictures Corporation, Twentieth Century-Fox International Corporation, United Artists Corporation, Universal International Films, Inc., Warner Bros. International, a division of Warner Bros. Inc.

The MPEAA must handle all over the world a wide and diverse range of foreign activities—diplomatic, economic, commercial, political, social. It must deal with foreign governments as well as with private interests. The member companies distribute abroad films for theaters and non-theatrical showings, and films and tapes for television.

The motion picture—in the theater and on television—is first among the international entertainment-communications media. It is sought after by the public; it is sometimes encouraged but more often thwarted and impeded by governments. I must devote at least two-thirds of my time and effort on problems in the foreign field.

American motion pictures occupy perhaps half of the screen time of theaters of the world, and are shown in almost all countries with which the U.S. has diplomatic relations.

Nearly half the theatrical revenues of MPEAA members is derived from foreign showings, and as a consequence we make a favorable annual contribution in excess of $400,000,000 to the U.S. balance of trade.

To carry out its manifold responsibilities in the foreign arena, the Association maintains offices in Washington and New York, and in seven areas throughout the world. The foreign offices are located in London, Manila, Mexico City, New Delhi, Paris, Rio de Janeiro, and Rome. There are in addition 43 film boards through which MPEAA works with representatives of member companies.

Let me indicate the scope of our foreign operations with a few highlights of the global business of the American theatrical and television film as it travels abroad.

In 1976, the gross foreign billings of our members from theatrical films and television programming came to approximately $700,000,000, with theatrical movies accounting for a little more than two-thirds. The foreign theatrical market represented 49.5 per cent of total film rental grosses. For television the foreign market accounted for 23.4 per cent of grosses.

It costs much more to do business for theatrical than for television films and tapes because there are many thousands of theater buyers to be sold and thousands of prints to be delivered. Most television abroad is controlled by government and the number of buyers is far more limited, with selling costs relatively less.

The top markets for theatrical film sales in 1976 were Canada, Japan, France, Italy, West Germany, United Kingdom, Spain, Australia, Brazil, and Mexico.

The principal geographical areas for sales of theatrical movies were western Europe, the English-speaking countries, Latin America, Asia, and Africa.

For television sales the top countries were Canada, Japan, Australia, United Kingdom, and Brazil.

In our business we are dedicated to open international trade. We believe it is the only salvation for producers and distributors of films. No film producing business of any size can exist on the domestic market alone, certainly not without subsidy and other financial support from government. The United States does not subsidize films. It has no protective quotas or other restrictions, and we want none.

We subscribe to the aim set forth by the recent Downing Street Summit in seeking in 1977 to achieve progress in these areas:

(1) A tariff reduction plan of broadest possible application designed to achieve a substantial cut and harmonization and in certain cases the elimination of tariffs;

(2) Codes, agreements and other measures that will facilitate a significant reduction of nontariff barriers to trade and the avoidance of new barriers in the future and that will take into account the structural changes which have taken place in the world economy.

The goal, and we hope the promise, of the seven nations at the London Summit is not what prevails in the international motion picture and television trade today. In the larger western industrial countries trade conditions are generally moderate and workable. In much of the rest of the world the film is

singled out for discriminatory treatment and can only reach theater and television screens over a wide variety of duties, imposts and other impediments. Let me cite these just as summary examples:

Five countries impose higher admission taxes on foreign films than on domestic pictures, either directly or through rebates to exhibitors when domestic films are shown.

Six countries through direct government edict, and eight countries by indirect pressures applied by local cartels with government support, impose disadvantageous film rental terms or other restrictive conditions on our film sales.

These are illustrative examples but the American film is confronted with a whole wall of additional barriers, including screen quotas, import quotas, discriminatory censorship, remittance restrictions, local printing decrees, local dubbing requirements, exorbitant income and special tax levies, production subsidies to domestic films financed by taxes or other imposts on foreign imports, mainly American.

Hardly a day passes that I don't receive a cable or telephone call about a new or aggravated problem some place in the world. My quiet days are few in the intensely competitive domestic and international sphere of movies.

While in this area I want to dwell a little longer on a disturbing development of recent times. This has been the establishment by several countries of government monopolies for importing and distributing films. This pattern, an obvious characteristic in communist countries, is now spreading outside that world sealed off to private trading.

Government enforced film import monopolies exist today in Iraq, Libya, Madagascar, Sri Lanka, Syria, Tanzania, and Indonesia.

The purpose of such monopolies is to force down the purchase prices of films and to divert earnings of films into the government organizations, and also may be to apply ideological as well as commercial considerations to film buying. To do business in such circumstances would be to undermine the basic financial structure of the American film business, and thus our members feel that they have no choice other than to stop sending motion pictures to countries where monopolies exist.

There is also a stoppage of exports to Thailand. The Thai government raised import duties by 1500 per cent and this has forced us out of the country until more reasonable tariffs are restored.

To provide an assured supply of films to audiences in west African countries where it is not economically feasible for member companies to maintain separate offices, we have established two Webb-Pomerene associations to handle joint sales and distribution of motion pictures.

The American Motion Picture Export Company (Africa), with offices in Nigeria, services English-speaking territories, and Afram Films, with offices in Senegal, performs the same functions for French-speaking territories. The arrangement has proved beneficial to the new independent African nations and to the American companies.

The Export Association was incorporated in 1945 to distribute films of its members in The Netherlands, The Netherlands East Indies, all territories occupied by U.S. armed forces, and in the countries of Eastern Europe. There was no other way that American movies would have been returned to these areas, as high American officials urged, to these war-devastated places. Facilities did not exist for individual companies. Gradually, as the economies revived, the Export Association withdrew and the individual companies took over.

The Association and the companies strive to go it alone to the fullest extent possible and succeed most of the time. There are occasions, though, when we need the strength and support of the U.S. Government, not for any special favors but for the kind of assistance we believe it is proper for the Government to provide to all American industries doing business overseas.

Governments can speak to governments in those areas beyond the reach of private interests, such as on tariffs and taxes and unfair and discriminatory competitive practices. The U.S. Government urges American business to operate abroad in the national interest and we consider it has an obligation to be of help whenever assistance is open and proper.

The State Department has generally supported us whenever we have turned to it to lend a hand on a hard and delicate problem created by a foreign government. I must travel overseas a great deal in pursuit of Association affairs and I have found U. S. ambassadors and American missions, with only occasional exceptions, to be understanding and supportive.

Many times our ambassadors have accompanied me to conferences with heads of state and with leading cabinet officials to express the concern of the United States in a successful outcome. American embassies have become more knowledgeable on motion picture and television problems in their areas. We don't always get what we ask for but it is only rarely that we are coldly turned away by an American diplomat.

The cooperation is not one-sided. Many American embassies look upon the American film as an "ambassador of good will," and are anxious to show some of our films at representational screenings to leaders of the country where they are located. Not once but numerous times American ambassadors have told me they send invitations to receptions and dinners and other occasions at the embassy and receive declinations. When an invitation goes out to attend an American film, then, as one said: "The place fills up and top officials we rarely see at the embassy come out to enjoy a movie. It provides an evening of common interest and good will."

Our Association, with the cooperation of the companies, makes it a regular practice to provide, free of charge, films requested by ambassadors for private representational showings. We like to think it is a useful contribution in the national interest. At least ambassadors and the State Department tell us so.

American film companies, moreover, carry on promotional activities for American motion pictures around the world and provide for American participation in the numerous international festivals and other cultural events. In other film producing countries such activities are mostly carried out by government agencies at public expense—frequently out of tax revenues obtained from imported films.

WITNESS

Senator PERCY. Thank you very much. Director Reinhardt, you have testified several times before this committee, and we are always happy to welcome you. I have gone through your testimony, and I wonder if, with your indulgence, we could just go right into questions until the chairman comes back, and then I can go over to vote. You and I have discussed the VOA [Voice of America] and other areas so many times that you surely know how anxious I am to see that it is a voice of credibility and truth, and that we adhere to the principles of unbiased news going out. We agree in principle on that.

RFE/RL, VOA EFFECTIVENESS

I would very much like to ask our panel about how important they feel Radio Free Europe/Radio Liberty [RFE/RL], and the Voice of America are to the United States. Are you in a position to evaluate the effectiveness of all, or any one, of those three voices that we have? I am particularly anxious to have your comments on the VOA, and on whether you feel it stacks up with its competition, the BBC, or with other radios such as Radio Moscow, Radio Peking, and so forth.

Mr. HEISKELL. Well, I am not really in a position to speak extensively on this. I have not studied this, and I guess if you wanted us to do so, we could make a report to you.

Senator PERCY. I do not believe I would want to impose a burden on you. I thought that possibly some of you might have reactions, since you travel a great deal abroad. I know that Director Reinhardt is very anxious to make the Voice of America, for which he has responsibility, as effective a means of communication as he possibly can.

If any of you have any reactions now, I would like to have them, and if you have any subsequent thoughts, I would like you to send them to me.

Mr. VALENTI. Senator Percy, I would be glad to answer that.

Senator PERCY. Yes, please.

Mr. VALENTI. My personal experience is that I have been to the Soviet Union three times, and I am preparing to go again in mid-July for the Moscow Film Festival.

My first two trips there really stunned me in one way, because I found, to my astonishment, that there was a large audience in the Soviet Union for the Voice of America, particularly for the jazz programs. In talking to the young people in Russia, I found them intimately familiar with jazz programs and American music. I dare say that it has had some effect. Whether it is beneficent or not, I cannot say. But nonetheless, it has had an effect in the Soviet Union, and there is only one place they could have heard that, and that is from the Voice of America.

Indeed, there is a young man, whose name momentarily escapes me, who is kind of a cult hero of the American disc jockey to them.

Mr. REINHARDT. I believe it is Willis Conover.

Mr. VALENTI. That's right, Willis Conover. He was with me. I think next to Kirk Douglas, whose "Spartacus" was a big hit over there, that Willis Conover is one of the best known Americans. He was instantly recognizable to them when he was mentioned by name.

So I am convinced, at least from my own personal experience, that the Voice of America is an asset, and that it ought to be continued.

Mr. SHEEHAN. Mr. Chairman, I agree that the Voice of America is an asset and should be continued. But going back over some 20 years of living and traveling abroad, I think that it should be said that over that period of time, it is my impression that, as a source for news, the BBC has, worldwide, a better reputation than VOA because the VOA at various times in the past has seemed to be influenced by domestic politics more than the BBC ever was. I think that is not the situation today, and it should be a force as reliable as the BBC. It can be so if it is run along the lines that it is now.

Senator PERCY. I want Director Reinhardt to know that we have not been in collusion on this. [General laughter.]

I could not agree more. I am a staunch defender of the Voice of America. I believe that its great strength is its credibility, yet somehow or other my impression through the years has been that the BBC is beating us out in that regard. We do have evidence that there has been an attempt over the years to influence what we say for its effect. Ambassadors abroad may want us to play down or play up something, and they have been tampering, in a sense, with the news.

Director Reinhardt, I know that we all agree that this has to stop. We want to make a credible Voice, and I appreciate that very much, indeed.

Mr. Chairman, have you voted?

Senator MCGOVERN. I have voted.

HEARING PROCEDURE

Senator PERCY. Mr. Valenti has finished his comments. He chose to make extemporaneous remarks, but his full text will, of course, be put into the record. I just asked one or two questions of the panel, and Mr. Reinhardt has not yet had an opportunity to testify.

I will now turn the Chair back to you and go to cast my own vote.

Senator McGOVERN [presiding]. Thank you, Senator Percy, and my apologies to you, Mr. Valenti, for missing your statement. I am glad to have the full text, however.

Mr. VALENTI. I'd be happy to do it again for you, Mr. Chairman. [General laughter.]

Senator McGOVERN. I know that it will be well worth reading.

Mr. Reinhardt, we are happy to hear from you as our final witness this morning.

Please proceed.

STATEMENT OF HON. JOHN E. REINHARDT, DIRECTOR, U.S. INFORMATION AGENCY

Mr. REINHARDT. Thank you, Mr. Chairman. I am sorry that Senator Percy had to step out. I wanted to assure him that Mr. Valenti and I have not colluded, either, in his statement about the Voice of America in the Soviet Union, upon which he could have expanded, I am sure.

This is what we think is most representative about the kind of work the Voice is doing today.

As there have been problems in the past, so there will be problems in the future. I want to assure Mr. Sheehan and Senator Percy that the Voice's broadcasts, we are certain, are credible. They are widely listened to and they are full competitors of the British Broadcasting Corp., of which we also think very highly.

Mr. Chairman, I am extremely pleased to join my colleagues and friends from the commercial media in discussing what I think is one of the most important subjects facing us today, namely the free flow of information at home and abroad.

In thinking about how to start my presentation, I recalled a few sentences from the speech that the Soviets did not allow Aleksandr Solzhenitsyn to deliver several years ago when he was awarded the Nobel Prize. Mr. Solzhenitsyn said:

> Mankind has become one—not steadfastly one as communities or even nations used to be, not united through years of mutual experiences, nor yet through a common native language—but, surpassing all barriers, one nevertheless through international broadcasting and printing.

At the same time, he continued, we know that "suppression of information leads to atrophy and total destruction."

I quote these few lines because, to me, they epitomize the challenge for the future and, at the same time, the threat facing us if we do not meet this challenge. Certainly we agree that the continuing free flow of information and the potential of today's communication revolution to serve the needs of humanity is a matter of utmost urgency and importance.

U.S. COMMITMENT TO FREEDOM OF SPEECH

Since the very beginnings of our history as an independent nation, we have had the strongest commitment to the maintenance of the right of free speech for all. We continue to follow most fervently this com-

mitment to the fundamental right of every individual to seek, receive, and impart information and ideas through any medium and regardless of frontiers.

Today, more than ever before, this reaffirmation is important because, on the one hand, the major developments in communication technology have produced an information explosion, the potential of which is dazzling, and, on the other hand, because we are encountering unprecedented attacks on this basic philosphy.

Some of the dimensions of the revolution in technology are almost beyond comprehension. Coaxial cables capable of 10,800 channels each are soon to be replaced by millimeter waveguide systems of ultrashort frequency which will carry up to 250,000 channels. Compounding the increase in the number of channels with the increase in the capacity of each channel means that the capacity to transmit "bits" of information per second per channel will jump from 648 million in a coaxial cable to 15 billion in new systems. When laser systems now on the drawing board or already in preliminary testing come into operation, the figure may jump to 100 billion.

These technologies enable the mass of human knowledge to be indexed, stored, retrieved, transmitted, and shared by people all over the world. Widely used, such information systems can accelerate development in the poorest countries. Potentially, today's technology can afford new levels of educational and cultural enrichment to the Earth's inhabitants.

More profound and widespread understanding among peoples must inevitably flow as another consequence of the fulfillment of this communication revolution.

With this enormous potential so obvious to us, with our background, education, and traditions of free speech going back to Thomas Jefferson and the Bill of Rights, with the United Nations incorporating commitments on the free and open exchange of ideas in its Universal Declaration of Human Rights, it is difficult for Americans to comprehend, let alone be concerned with, the mounting criticisms of these concepts in recent years. Yet these criticisms are coming from several quarters, and are based on different arguments.

IDEOLOGICAL ARGUMENT

From our ideological adversaries has come the argument that information and communication are not only "sovereign rights," but monopolies of the state. They hold this position, we believe, because they recognize the power of information in maintaining control over their populations, and contrariwise the power of outside, uncontrolled information.

From their beginnings, they have been aware of the importance of mass media, but most recently, as they have promoted the idea of détente abroad, they have intensified their internal struggle against what they choose to label "reactionary bourgeois ideology," but which, in effect, means the Western ideal of freedom of thought, freely expressed. This is despite the solemn pledge of all signatories to the final act at Helsinki, in 1975, to "facilitate the freer and wider dissemination of information of all kinds."

As we believe that free speech is democracy's chief weapon against tyranny, so do the leaders of these totalitarian states believe that control of free speech is a vital weapon in preserving their structure.

In promoting this objective, the Soviets and their allies have taken full advantage of the recent flood of conferences dealing with international communications. In the past year or so, there have been such meetings of the nonaligned countries in Tunis, in Mexico City, in New Delhi, and in Colombo; there was a series of regional UNESCO meetings and the UNESCO General Conference at Nairobi, the meeting in Geneva of the World Administrative Radio Conference [WARC] of the International Telecommunications Union, and the continuing discussions of subgroups of the United Nations Outer Space Committee.

This rapid conjunction of meetings has brought into urgent focus the need for the United States to examine this issue carefully and comprehensively, and to formulate a policy and an agenda for addressing it in the months ahead.

The Soviet concept of "sovereign rights" has been supported at some of these international meetings by noncommunist states for nonideological reasons. Thus, at last January's WARC meeting, Western European, African, and Asian nations voted with the Soviet bloc to allocate fixed frequency and orbital slots for each ITU member nation outside the Western Hemisphere. The United States argued unsuccessful that satellite technology was new, and that any proposal for developing firm allocations now would freeze technology too soon.

The net effect of this action everywhere except in the Western Hemisphere will be to deny the use of satellites for international television transmissions unless prior consent is given by the intended recipient and by all other countries that may be affected technically.

The reason for the positive vote by the Soviet orbit countries was, without doubt, ideological; some other nations, particularly in Western Europe, simply needed right now a rational plan for the efficient use of frequencies because of the technical problems they were facing. And still other nations—those in the Third World—used this forum, as they have been using every other one, to battle against what they have begun to call the "cultural imperialism" of the developed world.

COMMUNICATION FLOW IMBALANCE

Leaders and intellectuals in these Third World countries have indicated that they recognize the pitfalls of government control of information media, and that the Soviet Union may be exploiting the legitimate complaints of the Third World for its own ideological ends. These leaders are, nevertheless, disturbed by and angry at the near monopoly the developed world has in supplying the books they read, the TV and movie films they watch, the news stories they read, and even the foreign universities they must attend for much of their higher learning.

In such a situation, according to the ministers of information of the nonaligned countries meeting in New Delhi last year, "freedom

of information really comes to mean the freedom of these few to propagate information in the manner of their choosing."

This imbalance exists, and because we are concerned that all peoples should have the opportunity to share in the potential benefits of modern mass communication, we have pledged our determination to help develop and increase two-way communication among peoples. This must be done in a way that preserves the independence and fruitful diversity of sources of all information.

Let us not fool ourselves, however, into thinking that we can ever completely effectuate a balance. But we can understand, we can sympathize, and we can take action.

The most effective way to reduce this imbalance in the two-way communication flow is not to choke off with control the communications capacity of some, but to increase the communications capacity of all. I said this last year at the UNESCO Conference in Nairobi, where I had the honor to head the American delegation. I was speaking to a resolution which would have had the effect of sharply curtailing the international flow of news.

Eventually, enough nations came to realize that passage of this resolution might not be in their long-term interest, and so, instead, they voted to call for strengthening the information and communications systems of the developing world. The United States and other nations pledged assistance to help the developing world in this endeavor. These pledges helped gain passage of the resolution.

Now we must make good on these pledges, because the ideological offensive has only been blunted, not broken, and other nations may look more favorably on these ideas unless they see real progress toward redressing the imbalance. More important, howver, than simply winning a point ideologically is the need to keep faith with our own basic morality and principles. We must act as if we are serious about importance of utilizing communications resources to their potential, if we believe that what we are doing for mankind is the measures of our endeavor in human rights and the legacy we will enhance for future generations.

BRIDGING THE COMMUNICATIONS GAP

Actually, the process of bridging the communications gap has already begun, and in some areas is advancing at a rapid rate. For example, more than half the nonaligned countries have Intelsat earth stations. Many of them are connected by telex. India alone lists 71 nonaligned with which it can communicate, and Kenya lists 67.

At the Nairobi UNESCO meeting, I repeated the willingness of the United States to continue to share its knowledge and expertise regarding communication facilities available for experimental undertakings. For example, as a result of our supplying India with the use of the U.S. ATS–6 communications system, India was able to conduct a year-long program on agricultural techniques, family planning and hygiene, instruction, and occupational skills.

India is now planning to build its own satellite. Indonesia is using satellites to connect its major islands. Twenty Arab nations hope to establish a satellite network. Brazil has plans to link 1,000 of its widely

scattered communities by space satellites. But despite these developments, many nations are just entering the twentieth century in communications terms.

At Nairobi, I further stated that the United States and other nations with highly developed mass media should endeavor to make available, through bilateral and multilateral channels, both governmental and private assistance to other states in helping to develop their mass media. We suggested that UNESCO itself should join in these efforts.

In fact, the U.S. Government and private groups in this country have been engaged in journalism training programs for some years. Between 1970 and 1974, some 1,137 media specialists from Africa, the Near East, East Asia and Latin America have come to America for training under grants provided by the State Department's Bureau of Educational and Cultural Affairs. The Department of Agriculture has sponsored an annual program to bring 40 specialized journalists to the United States for training, which includes on-the-job experience on newspapers in the Midwest. At Macalester College in St. Paul, Minn., the World Press Institute has trained over 200 foreign journalists, and many Third World journalists have studied at Harvard under the Nieman Fellowship program. My own agency, the USIA, which administers the State Department Educational and Cultural programs abroad, maintains a press center in New York and another here in Washington to assist foreign newspeople, many of them from the developing world.

U.S. MEDIA ACTIONS

I am pleased that just a few weeks ago America's leading newspaper executives began translating into action the U.S. pledge of assistance to developing nations. At the April meeting of the American Newspaper Publishers Association, Mr. Clayton Kilpatrick, editor of the Chicago Tribune and a valued member of the American delegation to the Nairobi UNESCO meeting, announced formation of a World Press Freedom Development Committee to bring news media people from developing countries into closer contact with newspersons in developed countries. Among special goals of the new group is creation of a manpower pool of experts in all phases of publishing and broadcasting who would be available to assist press and electronic media in Third World countries. The committee also plans to assess the technical needs of developing media and to channel to them available equipment.

Just two weeks ago, the UPI Broadcasting Advisory Board resolved at its annual meeting to participate in any professional effort to insure the free flow of news, including technical and editorial assistance.

The effectiveness of this kind of action might be inferred from the sharp attack on the Press Freedom Committee just a few weeks ago by the official Soviet TASS news agency. In response, Mr. George Beebe, associate editor of the Miami Herald, said:

> The Soviet Government has shown once more that it is fearful of any challenge between a free press and a controlled press, such as exists in Russia.

The formation of the World Press Freedom Development Committee is the kind of positive action we favor. I hope that this augury of

93-147—77——15

the balanced and principled approach that will be taken to address these problems.

There are many other possibilities for helping to redress the imbalance. My colleague at Nairobi, William Harley, and one of my predecessors as head of the USIA, Leonard Marks, have proposed a number of exciting activities and projects in this context, which I am sure will command the attention of this committee.

Suffice it to say, there is a need for the United States to continue to enunciate its basic policy in favor of the free flow of information to people the world over, to illustrate the dangers of government control of information, and to take postitive action to help those with legitimate grievances. We cannot relax.

THIRD WORLD NEWS AGENCY

I was asked specifically to address two subjects in this presentation—the Third World News Agency and international radio.

At Colombo, Sri Lanka, last year, some 85 nations formally agreed to a 3-year-old proposal to form a News Agencies Pool wherein they would share selected news items from each other's national news agencies. The objective, in their words, was to "achieve the broad and free circulation among themselves of news, information reports, features and photographs about each other, and also provide objective and authentic information relating to non-aligned countries to the rest of the world."

It is too early to evaluate where the pool is going, but if I may, I would like to summarize for you a few conclusions drawn from a survey of this subject just completed by a USIA officer at the senior officers seminar.

The political declaration which led to the formation of the news agencies pool referred to the fact that the majority of the nonalined countries are now "passive recipients of biased, inadequate, and distorted information," in their words. The survey looked at the news distribution patterns of the three leading international news agencies. They show that some three-quarters of all the developing countries, rather than being passive recipients, are in a position to screen news items before relaying them to end users. And even in some of the remaining countries where news services are sold directly to the media, there are press controls of one kind or another, as has been demonstrated here this morning.

The survey also shows that while there may be an imbalance in the news flow the charge that international news agencies are biased in favor of their home governments and serve their political and economic aims is clearly debatable.

In regard to the pool itself, the survey found it to be operating reasonably well, although just seven nations were contributing most of the pool's content. The survey noted that almost half of the pool's output had high or medium potential for placement in Western media, and that the pool's content contained surprisingly little overt bias as far as the United States is concerned. Even more surprising is that of the 9 percent of the stories found to have a bias, 4 percent were in favor of the United States.

INTERNATIONAL RADIO BROADCASTING

In addressing the subject of international radio broadcasting, may I start with a few statistics?

Well over 100 million people around the world listen daily to broadcasts emanating from a foreign government radio station. Other statistics on international broadcasting are of similar breathtaking magnitude. Some 80 countries broadcast to the people of other countries daily, and they transmit over 21,000 hours of broadcasting weekly. Some 17 nations each broadcast over 300 hours weekly.

The Soviet Union is the world's most prolific international broadcaster. It transmits beyond its borders almost 2,000 hours of programs each week in 84 languages. The U.S.S.R. is followed by the People's Republic of China, Egypt, and then the Voice of America, which broadcast 788½ hours of programing each week in 37 languages. If one includes Radio Free Europe/Radio Liberty, this total is 1,809 hours weekly. We are followed closely by the Federal Republic of Germany, the Republic of China, the BBC, North Korea, and Albania. The six other Warsaw Pact nations are broadcasting almost 1,500 hours each week.

It can thus be seen that international broadcasting has become an important element in foreign policy implementation by many nations. The United States has long felt that it is of vital importance to our security, and to the structure of peace, to be able to continue communicating our policies, ideals, and traditions of free information to the peoples of the world.

The Voice of America, operating under a congressionally approved mandate, broadcasts international news comprehensively and objectively, tells the story of American society and culture in all its diversity, and explains U.S. foreign policy with a nonpolemical approach. Particularly important is our broadcasting to the U.S.S.R. and Eastern Europe, where censorship and controlled media give the peoples of the area distorted or inadequate views of the United States, and of crucial events within their own countries and in the world.

Whereas totalitarian leaders can in one way or another either stop at their borders, or selectively admit or control, other media of communication, international radio, unless it is jammed, goes directly into a listener's home. There is heavy jamming, in the U.S.S.R. and in certain Eastern European countries, of Radio Free Europe/Radio Liberty broadcasts by the Voice of America, however, seem at this time to be reluctantly accepted by these governments as an official activity of the American Government.

HUMAN RIGHTS, DISSIDENT ACTIVITIES COVERAGE

This does not prevent them from sharply attacking all three organizations. What has particularly irked the Soviet and East European leaders is coverage of news developments regarding human rights and dissident activities in their countries. They have construed this coverage—in which the United States has been joined by other Western radios—as an ideological attack on their system, interference in their internal affairs, and an attempt to embarrass them at the upcoming

meetings in Belgrade dealing with implementation of the final act of the 1975 Helsinki meeting.

In considering these charges, I would like to quote that section of the final act covering radio. It says: "The participating states note the expansion in the dissemination of information broadcast by radio and express the hope for the continuation of this process so as to meet the interest of mutual understanding among peoples and the aims set forth by this conference."

We believe that our broadcasts have been and are fully consistent with the spirit and the letter of this statement.

As you know, President Carter recently publicly enunciated his support for the Voice of America, Radio Liberty, and Radio Free Europe/Radio Liberty by asking Congress to appropriate funds for increasing their transmitter capacity. At the same time he made this request, the President said that these stations have been for many years a vital part of the lives of the people of the Soviet Union and Eastern Europe.

While no reliable figures are available, since no surveys in these communist countries can be taken, our estimate is that VOA listenership in this area is in the tens of millions daily. An interesting sidelight to this issue is the number of listeners in the United States to Radio Moscow broadcasts. An American social scientist estimated several year ago that despite an excellent signal throughout the evening hour, Radio Moscow has an audience of only 2 million listeners in the United States.

In terms of comparative worldwide listening, survey data in those areas where we have been able to take surveys, plus well-informed estimates, place total Soviet international radio listenership in the range of 15 to 24 million. Data and estimates put VOA's weekly listenership in the range perhaps of 70 million. Our RFE/RL listenership is estimated to be similarly impressive, perhaps as many as 50 million listeners weekly.

VOA IMPACT

In terms of VOA's impact, there are many illustrations which I might cite. Visitors to major USIA exhibits in the Soviet Union frequently report learning about them only through VOA promotional broadcasts, which often led them to travel thousands of miles to the exhibit site. Letters sent to Willis Conover, who has been the master of ceremonies for VOA's "Jazz U.S.A." program for many years, indicate, as Mr. Valenti has said, that Mr. Conover is as well known in the U.S.S.R. as any other single American.

When VOA broadcast the complete Charter 77 text, listeners in Czechoslovakia wrote to say that they had learned what the charter contained only from hearing it on VOA.

The normal conduct of international affairs, President Carter told the Organization of American States in April, requires communication with all countries of the world.

Whether it is to these people in the Soviet Union and Eastern Europe or the leaders of nations around the globe and their peoples, the VOA is a most effective element in America's public diplomacy, a channel through which we cannot only tell our story but also can speak freely about human rights and American values directly to the

people of the world. It is, thus, a vital instrument in the conduct of American foreign policy.

Thank you, Mr. Chairman.

Senator McGOVERN. Thank you, Mr. Reinhardt.

URGENT ASPECTS OF FREE INFORMATION FLOW, CONGRESSIONAL RULE

Senator McGOVERN. Gentlemen, I think the best way to use the limited time we have for questioning is to begin by giving each member of the panel an opportunity just to identify the one or two issues that he regards is of greatest urgency in the communications and information field. Then, if you think there is a role that the Congress should play, and if you have some suggestion of actions we might take, either through this committee or through the entire Congress, it would be useful to have those suggestions, too.

Maybe we could begin in the order of your presentation, starting with you, Mr. Heiskell. Would you tell us what you regard as the most troubling or urgent aspect of this. We would also appreciate any suggestions that you may have as to what you think we ought to be doing as Members of Congress.

Mr. HEISKELL. It is somewhat difficult to respond lucidly to this because the problem of freedom of the press is that it needs the shortest definition possible, namely that there is freedom of the press. The minute you go beyond that and try to codify freedom of the press, you are going to get into the kind of situation that we have been getting into with UNESCO and developing nations. Their notion of how to codify or charter freedom of the press is essentially to limit it.

The most important thing, in my view, is to get that very point clearly across to the world as a whole. The U.S. Government and the Congress of the United States should reaffirm their conviction and belief in this, and the Government of the United States should speak clearly to that point all the way around the world.

Senator McGOVERN. You think that the Government has an obligation to play an active role in working with the news media in trying to secure open access to the news, the avoidance of censorship by foreign governments, and other obstructions of that kind, is that it?

Mr. HEISKELL. Only because I think it is in the interest of the people of the United States that this be done. I don't think that the Government should be assisting us specifically. If it is good for the people of the United States, then I think the Government should take an affirmative stance in the matter.

Senator McGOVERN. If it is a matter of the national interest and the necessity of the free flow of information in terms of our own security and well-being as a country, then you favor this?

Mr. HEISKELL. Correct, sir.

Senator McGOVERN. Mr. Chandler, what do you say?

Mr. CHANDLER. I agree with what you have said, Senator, and with what Andy Heiskell has said.

I think the reality of the situation, though, is not known generally in the Congress, and is not known to the American people about the difficulties the American press and the Western press have in covering the world.

I think when we look at the fact that three-quarters of the population of the world do not have a free press, and when the quarter that has a free press, ourselves included, is trying to cover the world, and when we see the difficulties in coverage that we have testified to today, this is something that needs to be told to the American people. I think the Congress could play a major role in that.

I really do not think that the readers of Time magazine, the listeners of ABC, or the readers of the Los Angeles Times, et cetera, really have any idea of the concept, no matter how often we tell them, of the difficulty that our newsmen and reporters have in covering the Third World and Russia and China. I think when they read a news report in one of our newspapers or see it on television, they probably feel that it is a routine report. They don't know the consequences of it, the lack of information the reporter really has, or the attempts to get information that the reporter has really been through during the course of getting and presenting that story.

I would urge the Members of Congress to think seriously about what we have testified to here today, and to find some way of commenting about this to the American people to get them excited about it and learn their views.

THIRD WORLD FREE PRESS

Senator McGovern. Mr. Reinhardt made mention of the fact that some of the publishers and people in the news field have been raising funds to try to develop a free press operation, including the training of journalists from the Third World.

Are you familiar with that, Mr. Chandler, and is your newspaper involved in it?

Mr. Chandler. I am familiar with it, though I am not participating in it personally. I think it is a great effort and a worthy one, but I think it is a long term solution. As I indicated in my testimony, the fact that things are getting worse and not better in this world, and that Africa is closing down day-by-day to our reporters—one day Ethiopia is open and the next day it is closed, and you can just tick off all the African countries that are beginning to exclude and harass Western journalists—is something that has to be addressed by all of us in our own way. It is an urgent situation.

U.S. GOVERNMENT ROLE IN FOREIGN CENSORSHIP PROBLEM

Senator McGovern. Mr. Sheehan, I think you argued in your testimony that the greatest problem that your network faces abroad, is the problem of censorship. Is that correct?

Mr. Sheehan. Yes; in its various forms, Senator. That is correct.

Senator McGovern. Do I also understand that you would be hesitant to see the U.S. Government get into this area? Do you really think this is a matter for the news media to battle out in terms of their relations with other countries?

Mr. Sheehan. Basically, I do, and with regard to the specific instances that I raised, I think very definitely so. I think we are better fighting those battles by ourselves.

Now, that is not to say that there is not a role that the Senate and the Government in general can play. I think that one of them is in the satellite communications network that is being established, and the access to it, and the tariffs that are charged on it, so that by international agreement we don't censor ourselves out or find ourselves censored out because the tariffs are too high or because the frequency restrictions are onerous. I think that those are areas that very definitely the Government can and must be in, because there is no one else who can handle that.

I think that the role of the Government at the UNESCO Conference in Nairobi was a beneficial and proper one, and I am sure that the leadership that was exercised there will be continued at the next conference to take up this subject.

I think that the Senate can contribute to a Voice of America that is free from any kind of influence and run by professionals in the way that they believe it should be run to achieve the finest reputation in the world. I think that the paper, the print which the committee staff came out with which I saw yesterday, underlines the problems that the Government can properly be in very well and very impressively. I think, in that regard, that you are on the right track.

Senator McGOVERN. Mr. Kroloff is the principal author of that committee print and I want to take advantage of this opportunity to commend him for it. He is one of the first people in the Government to spot this problem, I think, and to begin seeing the dimensions of it. He has done a very good job in preparation for these hearings.

LAW OF COMMUNICATIONS CONFERENCE

Senator McGOVERN. Mr. Sheehan, as you know, there is a Law of the Sea Conference that has been in progress for some time. Do you think that this problem of access to information, the exchange of news and knowledge on an international basis, is of sufficient urgency to warrant a similar format with regard to defining some of the ground rules internationally for communications? Could we have a "Law of Communications Conference" with some profit, in your view?

Mr. SHEEHAN. It would seem to me that the urgency there is at least as great as the urgency that led to the Law of the Sea Conference. Yes.

Mr. HEISKELL. May I make one comment?

Senator McGOVERN. Yes, Mr. Heiskell.

Mr. HEISKELL. In any such conference, we would be outvoted 80 to 1.

Senator McGOVERN. We would. There is some precedent to indicate that, is there not? I think it was Mr. Marks yesterday who mentioned that on one vote we were outvoted 101 to 1, or some proportion of that kind.

THIRD WORLD BLOCK ON COMMUNICATIONS QUESTIONS

Do you see any prospects—perhaps Mr. Reinhardt is in a better position to answer this than some of the other panelists—that the

Third World bloc may be any less rigid and united on these communications questions? I take it that that is the reason for the overwhelming vote. There is a solid lineup, almost without deviation, on the part of all of the Third World countries.

Mr. REINHARDT. Senator, the Conference in Nairobi last fall, the UNESCO Conference, represents an international forum where this important issue has been discussed and will continue to be discussed.

There were some developments in this Conference that were heartening. Now, I don't want to give the impression that this problem is going away or can be solved overnight. But the fact that those who had an ideological interest in controlling the news, in preventing a free flow, did not prevail is not solely attributable to what we did. It is also attributable to many of the Third World nations, particularly some African nations. They recognized in their own self-interest the need to prevent the adoption of the declaration that was before this Conference, that is, a declaration which used the words, "the use of the media."

Now, this has been at best postponed. The question will come up again in the fall of 1978 in UNESCO's General Conference. It is likely to be the dominating issue before that Conference.

Part of this problem is clearly a long-range one. It is educational, as Mr. Chandler has said. The admirable efforts under private auspices to bring more Third World journalists in contact with our media representatives is at best a long-range solution.

Meanwhile, I think that we shall have to do all that we can to indicate the insidious forces that are at work in trying to deny peoples around the world freedom of information.

MOST URGENT PROBLEMS, CONGRESSIONAL ROLE

Senator MCGOVERN. Mr. Valenti, we did not give you a chance to sum up. Did you have anything to say in terms of the problems that you see as most urgent, and also what you think the role of the Congress might be?

Mr. VALENTI. Well, Mr. Chairman, I have a healthy sympathy for Mr. Sheehan, Mr. Heiskell, and Mr. Chandler, because I see they have the same problems that we face, although perhaps in a different perspective.

Our biggest problem is insidious nontariff trade barriers, where we are strangled invisibly.

The whole problem of freedom of expression has to be at all times defended because, like virtue, it is at all times besieged. I don't know of any real answers for the problem. I have a resigned pessimism. I think it is going to get alarmingly worse over the next decade.

In our contacts in the more than 100 countries where we are doing business, I see no slackening of the nontariff trade barriers.

Senator MCGOVERN. How much of that do you think stems from fear of what is called cultural imperialism, particularly as it relates to films?

I suppose one of the major impacts we have on other societies is through our films. Do you think that what you see as the rather pessimistic future stems from the fact that there is a genuine fear that

the impact of our culture, our values, and our lifestyles is making itself felt very heavily in other parts of the globe?

Mr. VALENTI. Yes. I think that is a definite undercurrent around the world, although I do think it is a shield behind which a lot of nontariff trade barriers and other suffocating edicts, levies, and practices by foreign governments are done. But I can see some problems for those people who are trying to improve the quality of their own culture, if people of a country want to see and import the American lifestyle.

I do believe, however, that some of these practices are mere subterfuge in order to imprison, as it were, the free flow of information around the world.

On the other hand, I must say that I am implacably opposed to our Government getting involved in film and other creative activities, and therefore I am hard pressed to ask our Government to do something about it abroad. I think it is something that we, as exporters of film and television materials around the world, have to fight out of ourselves. That is why I spend about 70 percent of my time trying to sit down with Prime Ministers, Presidents, and cabinet ministers, trying to work out some kind of modus vivendi, so that we can exhibit our material around the world with the least amount of interference.

But, as I said, I see it getting worse and not better, and you can have Helsinki Conferences and London Summits until they pile on each other; but these are words, and when the leaders get back to their own countries, the principles discussed or agreed upon are simply not exhibited in fact.

U.S. ADVERTISING BAN ABROAD

Senator MCGOVERN. Mr. Heiskell, did I understand you to say in your testimony that one of the journalists in whom you have confidence indicated that there was a real possibility of a total ban on U.S. advertising in some parts of the globe?

Mr. HEISKELL. I think if they want to shut us down, that is one way of doing it. I don't need to go very far to point the finger. Namely, we had a Canadian edition of Time which had Canadian advertising in it—in fact, so did the Reader's Digest have that—and the Canadian Government managed to pass a law that would make Canadian advertising nondeductible for tax purposes. This is a quick way of knocking you out of the game. Actually, it did not work out that way, but they thought it would.

Going back to Mr. Valenti's point, what are the Canadians talking about? Their argument is that, yes, indeed, the cultural impact of the United States is overpowering, and the other side of that argument is that if you eliminate it, then Canadian culture of its own would flourish. So, one of the things they did was to eliminate Time Canada, because that would make possible a local Canadian weekly news magazine, which is what McLean Hunter had argued for the Government.

Well, they eliminated us, but they never created their own. It's a little bit like saying, if you were in Canada, that if all the foreign musicians were kept out, somehow the Canadians would miraculously become great musical geniuses. That's not how it works, that's all. And that is the feeling all the way around—if they could just keep

all of the awful Germans, Americans, and British out of their country, then their own culture would flourish. I don't think that's how cultures grow and flourish. Of course, I can't tell you that I know how they flourish. [General laughter.]

Senator McGOVERN. That must be the same reason why we have trouble growing our own hockey players. [General laughter.]

Mr. VALENTI. To follow on Mr. Heiskell's comment, I think that is one of the theories that shines with elusive splendor abroad, that by government edict you can command somebody to write a great book or create a great movie or construct some great television show. You are dealing with a most fragile matter, creativity, and it is not subject to government whim or edict. So, I fully share in what Mr. Heiskell has said. The final arbiter of whether or not what has been constructed is creative is the public in any particular country. Oftentimes governments do not want to trust the public taste in their own country.

"BAD PRESS" PERCEPTION OF FOREIGN GOVERNMENTS

Senator McGOVERN. In preparation for these hearings, I have looked through some of the printed material, news clips and other things, that are offered as criticism of the way our media handled news coverage in other countries. I know one of the things that you gentlemen have heard, particularly in authoritarian societies, is their complaint that we cover their mistakes, we cover the sensational things, but we do not report on the constructive developments. I personally heard President Castro make that statement, that it is difficult to read in the outside press about the progress they are making in the fields of health care, education, and so on. He said that we hear about the human rights violations but not about some of the other human developments that are taking place.

Do you think there is any validity to that charge? You talked about censorship, Mr. Sheehan, and Mr. Heiskell talked about Time being banned in 18 countries last year.

How much of that is based on their perception that they are getting a bad rap in the press?

Mr. HEISKELL. It is based on their nonperception of the fact that we do the same thing in the United States.

Senator McGOVERN. Even American politicians make those same complaints.

Mr. HEISKELL. We don't sit around praising everybody every day, I believe. They have an image that we do indeed praise everything in the United States and are critical of everything in their courties. Then finally they carry it to the extreme that Dr. Kissinger used to speak of. They say that what we print is American foreign policy. He said that that gave him more trouble than anything else. [General laughter.]

Mr. SHEEHAN. I think there is a validity to the observation that we print and broadcast what goes wrong, because many times that is what makes news. But certainly that is not exclusively what makes news. The freer the access, the more likely it is that a more balanced presentation can come into play. I could mention Castro and Cuba as an example. They have been much more accessible, I believe, since your trip, and a lot has been written and broadcast about Cuba as a result of this limited opening up of the doors.

Mr. HEISKELL. Much of which was positive, it should be noted.
Mr. SHEEHAN. Yes.

REPORTERS LOOK FOR MEANING

Mr. CHANDLER. I have one other comment on this question, Senator, because this is a common criticism both at home and abroad. Let us take as an example a reporter who gets into a country, perhaps he has had great difficulty getting inside, and he desires to do a color story and to look for positive achievements in that country, and he asks to go to certain places to see certain things, and he is denied that access and is instead led by the hand through the Disneyland of the country's model farms and factories. If he stops to ask if he could go a quarter of a mile away to talk to the people who are over there, the officials will say no, that he is limited to just the one tour, and he will most probably rebel against such treatment. Therefore, the reporter will not write up those types of stories, and will tend to look for a story that has some meaning instead.

Mr. VALENTI. I think that Mr. Castro's view of that is probably secretly held by all public officials in democratic and nondemocratic societies. Having been a public official myself, once, I think I can understand some of his grievances. [General laughter.]

The point is that there are peculiar outcroppings of this, Mr. Chairman, particularly in film. Oftentimes people say, "Why do you want to send abroad films which show America in a bad light?" Actually, the film has a kind of opposite effect when it gets abroad. Many times people see "anti-American" films which have been made by Americans. But instead of heeding the message that is in the film, what comes to mind to them is the surprising fact that the film could have been made in the first place. They are all quite aware that, in their own country, no film criticising their totalitarian government would ever see the light of day, much less the inside of a theater.

One of the classic stories that I tell is that when "The Grapes of Wrath" was finally shown in the Soviet Union, at their insistence—this was one picture they wanted to show. From the evidence that we got, the Russian people were not so disenchanted with America. Instead, they were stunned that even the poorest people in American had an automobile and could travel freely around the country. So, it did not have the same impact on them.

I happen to believe that the very fact that we can make pictures which are critical of the Government under which we live is a torch around the world, giving belief to a lot of desires on the part of other people that they wish their own government would allow such films to be made.

U.S. SELF-CRITICISM EFFECT

Senator MCGOVERN. In the long run, don't you think that that kind of self-criticism and self-examination comes across in the minds of people all over the world as a testament to the strength of our society—that is, that we are willing to look at it critically?

Mr. VALENTI. I am convinced of that, though there is ample opinion on the other side that takes a different view. It has a very beneficial

effect on the durability of our institutions, as contrasted with other governmental apparatus around the world in the long run.

BEST INFORMATIONAL SOURCES

Senator McGovern. Mr. Heiskell, I was impressed with your statement—and I think this is a quote—that "first-rate journalists often can tell you things that other channels will not produce." I think that was true during the experience in Vietnam. Some of the best information we had in the long run was of benefit to our Government and to our people in that it helped us change course out there. This information was generated by first-rate journalists.

I know your former magazine, "Life", did a series on the My Lai incident, which certainly had a lot to do with changing the public's perception of the nature of the war, and reports coming to us on television almost daily probably had a lot to do with forcing a change in policy out there.

Gentlemen, we appreciate your testimony today. These hearings will continue tomorrow, and the hearing record will remain open for a short period of time in case you have additional documents, articles, materials or anything, feel free to submit them for inclusion in this record. I think we are compiling what is going to prove to be one of the best sources of information on the whole question of international communications and the media problems related to it.

Mr. Heiskell, did you wish to add something?

Mr. Heiskell. Yes, Mr. Chairman.

May I suggest that the committee has a very interesting case history before it right now; namely, the photograph that appeared on the front page of the Washington Post and the New York Times of Mrs. Carter with two missionaries in Brazil who had been imprisoned. This photo is going to drive the Brazilian Government bananas, and I would suggest that you follow up on that to see exactly what they do. I would be very curious to learn whether or not they clamp down totally, as I suspect they may do, or whether they sort of shrug and just give up. This photo will be "shell-shock" of a major nature for the Brazilian Government. I don't know whether Mrs. Carter really knew what she was doing at that moment.

Senator McGovern. I, too, was struck by that. I think you have given us a good tip.

Gentlemen, thank you all very much. It was indeed a pleasure and a very interesting experience to have you before the subcommittee today.

[Whereupon, at 12:16 p.m., the subcommittee recessed, to reconvene on Friday, June 10, 1977, at 10 a.m.]

INTERNATIONAL COMMUNICATIONS AND INFORMATION

Banking, Labor, and Business

FRIDAY, JUNE 10, 1977

UNITED STATES SENATE,
SUBCOMMITTEE ON INTERNATIONAL OPERATIONS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:11 a.m., in room 4221, Dirksen Senate Office Building, Hon. George McGovern (chairman of the subcommittee) presiding.

Present: Senators McGovern and Pell.

Senator MCGOVERN. The subcommittee will come to order.

Gentlemen, would you please take your chairs at the witness table.

The meeting with the President this morning ran a little overtime and I apologize for my late arrival.

OPENING STATEMENT

Today we conclude a series of three hearings on the foreign relations implications of international communications and information issues.

So far, we have heard nine witnesses discuss the current and future situation in regard to media, national security, human rights, governmental actions—or, as some have said, inactions—and what this somewhat new set of issues means to our country and to individual citizens.

Today we will hear key witnesses from the fields of banking, business, and labor tell what the so-called information age means to them and to the organizations which they represent.

These hearings have been designed to take a broad overview of very complex issues—possibly the first time that an attempt has been made to show the interrelationships of several topics which previously have been considered as separate issues.

We have been told several times during the past 2 days that the United States not only does not have an overall international communications or information policy, but at the moment there is also no drive or organized effort to develop such a policy. How healthy a situation is this for our economy and for the world's financial system?

With billions of dollars involved here and abroad and millions of jobs involved, new forms of legislation which affect the banking, business, and labor communities, and new technologies and knowledge being created and available for sale or transfer abroad, we need to con-

sider the implications for us. What should we be doing, if anything, as a government? Where should we go from here?

We have asked our panel of witnesses to give us some directions.

WITNESSES

The witnesses this morning are Mr. John F. Magee, president of the international consulting firm, Arthur D. Little, Inc., who will give us an overview; Mr. Glenn Watts, president of the Communications Workers of America, and one of the Nation's most thoughtful labor leaders; Mr. Robert B. White, the executive vice president of Citibank, a leading international bank, whose presentation will cover Citibank's viewpoint as well as several issues that are common to all the international banking community; and finally Mr. Stanley Gewirtz, vice president of Pan American World Airways, who will discuss the issues from the vantage point of a communications system that is dependent upon worldwide cooperation.

Each witness will present a short oral statement, after which we will have a period for questioning.

We will begin with Mr. Magee. Please proceed in any way that you see fit.

STATEMENT OF JOHN F. MAGEE, PRESIDENT, ARTHUR D. LITTLE, INC., CAMBRIDGE, MASS.

Mr. MAGEE. Thank you, Mr. Chairman, for the invitation to appear before this subcommittee and to present my views on the implications of international telecommunications development for business.

International communications is a field where we have the opportunity, and I think the need, for positive Government policies and attitudes: first, to foster international telecommunications development; second, to promote the role of the U.S. telecommunications industry.

I think we should do this in the interests of progress in the developing countries, economic efficiency worldwide, and jobs at home.

FEDERAL POLICY TOWARD INTERNATIONAL COMMUNICATIONS DEVELOPMENT

I believe that there are three basic issues to be addressed in considering Federal policy toward international communications development and, in particular, development in the developing world where the growth potential is high and the needs are great.

First, will telecommunications projects in developing countries be considered high priority investments?

Second, what are the direct and indirect benefits to the United States inherent in establishing a stronger presence in the world telecommunications market?

Third, how can the appropriate branches of the Government help U.S. manufacturers and suppliers broaden their telecommunications role?

EARTH STATION FOR SATELLITE COMMUNICATIONS IN CHAD

The issues are interrelated and cannot really be treated separately. I would like to cite an example.

Arthur D. Little was engaged by an American telecommunications company to investigate the financial and economic feasibility of an Earth station for satellite communications in Chad. The term "Earth station" refers to a ground antenna station associated with an international satellite system to be used for sending and receiving international messages. The antenna station itself would be owned and operated by the Ministry of Posts and Telegraphs, the National Chad Telephone Company, and its cost was estimated at $2.2 million.

Even this relatively small sum was beyond Chad's means. The World Bank, which is the international agency perhaps most favorable to funding telecommunications, considered Earth stations to be high technology projects that are low in priority.

Private banks considered Chad a poor credit risk, as did the Eximbank.

U.S. AID has limited allocations of funds to Chad, which it concentrates on agricultural and rural development.

The real question many of these agencies asked was:

What does a poor and technically backward sub-Saharan country, twice the size of Texas, with a population of under 4 million and a per capita income of less than $100 a year—what does a country like this want with a system as sophisticated as an earth satellite station?

It should be added that perhaps less than 10 percent of the population is literate, and that there are about 5,000 telephones in the country, with most of them in the capital.

Apart from the justification for advanced telecommunications, another question was, what were Chad's prospects for operating the system with a favorable cash flow?

We sent a two-man team consisting of a telecommunications engineer and a development economist, and they made a 2-week onsite study. They found a combination of favorable factors—potential agriculture, tourism, and mineral resources among them—that could be enhanced by the proposed telecommunications system.

Financially, the Earth station would generate enough revenues to pay for itself in 5 years, and the Chad Ministry of Posts and Telegraphs was fully technically and administratively qualified to manage the station.

Why a satellite Earth station? Because it would be prohibitively expensive in a country like Chad to install landlines for telephone and telex transmissions, when a technology existed that had leapfrogged older technologies during the long years of Chad's underdevelopment.

CHAD INTERNATIONAL TELECOMMUNICATIONS SYSTEM BENEFIT

As a specific instance of direct benefit from an international telecommunications system for Chad, I would like to describe briefly the significance of oil exploration activities.

The country's mineral resources include petroleum, which has interested Continental Oil Co. sufficiently to send a 30-man exploration team. The virtual isolation of the area meant a delay of many days, sometimes weeks, in the exploration activities before geological data could be sent out of the country, processed and returned to redirect the work.

In the meantime, valuable people and equipment were tied up idly, pushing costs almost to the point where the company could not economically continue its activities. A satellite system would, of course, mean an almost instantaneous relay of exploration data from the field to the home office for analysis and uninterrupted operation of the exploration activities.

I wish I could say that American initiative in proposing the Chad Earth station had resulted in an American commercial success. It did not.

The communications company made our findings known to the World Bank, the Eximbank, and the Overseas Private Investment Corp. These potential sources of funds deliberated, asked for more information, and postponed a decision. While it did this, the issue was taken out of their hands.

France, which has enjoyed a special relationship with Chad ever since the days when it was a large part of the French Equatorial African Empire, stepped in to finance the project and is building the Earth station. For very little money, therefore, France is maintaining its commercial influence in this part of Africa, closing the door at least part way on U.S. commercial penetration.

I have gone into this detail on Chad because although it is, in a sense, a small and isolated project, it typifies the divergent thinking on whether telecommunications can be considered a high-priority investment for developing countries, and also because it reflects the potential benefits to the United States in establishing a telecommunications presence in a developing country.

A similar situation exists today in Sierra Leone, where a contract for an Earth station is being held up by difficulties in obtaining financing.

TRADITIONAL TELECOMMUNICATIONS ATTITUDE

Traditionally, telecommunications has been viewed as an outgrowth of a solidly established industrialized society whose vitality generates an increasing need for messages between and among businesses and individuals. There was some justification for this assertion in the past. By this measure, Third World nations would be largely excluded from the ranks of those who should be putting priority on building their telecommunications capabilities beyond current levels, for, by the traditional yardstick, telecommunications follows industrial development rather than precedes it.

This is now an outmoded thesis. It has been rejected by the less developed as well as the developed countries. There is growing recognition today of telecommunications more as a precondition than as a consequence of industrial and social development.

Low per capita telephone density traditionally was regarded as a symptom of low-economic development. But now, many of us believe that the symptom has become ingrained, and should be considered instead as one of the major causes of underdevelopment. Telecommunications technology provides a key element in building the infrastructure necessary to the development of a viable economy.

Our Government, in its policies and its practices, appears to hold to the traditional attitude. U.S. Agency for International Development, for example, believes that it is more important to build ports, highway systems, and promote agriculture—all of which are important. The Agency does not help fund high technology telecommunications projects in developing countries. Others, and this is a view which I strongly share, believe that in today's world, telecommunications is an essential element in building infrastructure. We believe, also, that telecommunications investments provide more reach per dollar than other investments in bringing people into the last quarter of the 20th century.

TELECOMMUNICATIONS ESSENTIAL TO DEVELOPING NATIONS

A telecommunications system makes it possible for a developing country to establish connections with the outside world. In our information-oriented world, this is essential. Without these connections, many poorer nations have little chance of developing into viable economies.

Developing countries see the need for modern communications, and the impact is dramatically evident. Whenever I visit the Middle East, for example, I am impressed by the enormous social and political impact of telecommunications in that part of the world. It seems as though every Arab has a transistor radio. Riyadh, which once seemed so remote, is now just a telephone call away from our office at home. The telephone and telex, and ultimately, the television exchange between here and Saudi Arabia are creating an entirely different climate for international understanding, cooperation, and trade.

Saudi Arabia has recognized telecommunications as a key building block in its infrastructure construction. Its second 5-year plan calls for a 30-percent per annum growth in telecommunications, and $6 billion has been budgeted for the purpose over the next several years. The best and most suitable of telecommunications technology is available to that nation, and it is planning to install a combination of both proven and advanced systems.

An important element in the system will be Saudi's contribution to the construction of a regional satellite system, ARABSAT. The design of ARABSAT will cover every Arab nation and more than 95 percent of the population.

The system is considered especially important because it will help bridge the shortage of instructors to train workers in skills that are in great demand throughout the developing Arab world. It will also help alleviate the shortages of qualified physicians and medical specialists which plague all developing countries by putting medical personnel in two-way visual and voice communication with community centers and clinics.

Other developing countries do not have the current wealth of Saudi Arabia, but they still see the immediate need for communications for their long-term benefit.

SOUTHEAST ASIA

In Southeast Asia, for example, five non-Communist countries—Indonesia, Singapore, Malaysia, Thailand, and the Philippines—

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represent a combined population of 245 million and a gross national product of about $80 billion.

Their assets include vast natural resources, excellent labor resources, relatively stable governments, favorable attitudes toward the United States and foreign investment, and the strategic location for entry into the potentially enormous market of mainland China.

Malaysia has already articulated telecommunications plans of an immediate nature, and Indonesia and the Philippines are working on the longer term.

But, unlike Saudi Arabia, most of these nations cannot finance their telecommunications developments in conventional ways. They require special financial packages; that is, loan agreements, usually with delayed payment terms that provide time to get their communications systems and then their economies on a paying basis. The price of the equipment and the interest on the loans—items that we are accustomed to look at in estimating costs—are really only secondary. The perceived manageability of the financial package is the overriding factor.

The Japanese Government recognizes this. So do the governments of West Germany, Sweden, and other European nations, whose telecommunications suppliers compete aggressively for the world market.

U.S. NATIONAL INTEREST IN FOSTERING INTERNATIONAL TELECOMMUNICATIONS DEVELOPMENT

This point brings me to my second issue: is it in our national interest to foster international telecommunications development?

For a number of decades, Arthur D. Little has performed professional consulting, research, and development for clients throughout the world. Last year, for example, our staff worked in some 49 countries on six continents. We know at first hand how fast the world is shrinking, and how the interdependence between nations increases. Like it or not, the world economy is more interrelated than it once seemed. We depend on each other for resources—minerals, metals, machinery, and labor. We depend also on easy and rapid access to data about available resources and shipping capacity available to move these resources. Without such data the productivity and well-being of our people and of our economy are hampered. This Nation's own economic health is dependent not only upon that of other nations, but also on our ability to communicate with them.

Besides the indirect economic benefits of telecommunications improvement, the production and sale of communications equipment is a major export business that we may let slip away.

U.S. WORLD LEADER IN TELECOMMUNICATIONS TECHNOLOGY

The United States leads the world in telecommunications technology. There is available today an incredibly rich mixture of telecommunication hardware and software options developed by U.S. industry and Government agencies. Satellite technology enables us to bridge vast distances and overcome difficult environments to bring remote corners of the world in touch with urban centers. The growing fiber optics technology already has demonstrated exciting potential.

These and other developments could lead to additional expansion of communications of all types.

Yet U.S. suppliers operate under extreme competitive disadvantages in marketing their telecommunications products abroad. Our share of the total export market for telecommunications equipment declined from 25.6 percent in 1969 to 19.7 percent in 1974, and the decline continues.

American manufacturers, for the most part, offer lower prices than their counterparts in Europe and Japan. There is, however, no telecommunications product manufactured in the United States that industrialized countries elsewhere cannot duplicate.

European and Japanese suppliers are attacking our lead in the design and manufacture of telecommunications products. Some countries learned in and from the United States, and then barred us effectively from doing business within their own spheres. Other governments are actively supporting their telecommunications industry's marketing efforts.

These governments recognize that the marketing of telecommunications differs from other export efforts. The nature of the equipment and systems is such that an initial sale almost inevitably assures large follow-on sales, so that access to the market is effectively limited for manufacturers from other countries. The marketing of telecommunications equipment abroad is unique also in that sales are nearly always made to governmental agencies and entail, in addition to the capital products, the training of native personnel, who thereby become familiar with the supplier nation's products and culture.

GOVERNMENT SUPPORT RECEIVED BY FOREIGN TELECOMMUNICATIONS MANUFACTURERS

I would like to give you some examples of government support that foreign telecommunications manufacturers get when competing for contracts.

The Japanese Government prepares special loan agreements for its manufacturers to present, along with their proposals, to sell equipment to a developing country. In effect, the Japanese supplier walks in with both a bid and a means for paying for the equipment over a very long term. If the purchasing nation has strong potential and continues to buy Japanese goods, the interest rates are low. In some cases, the purchaser is given several years of grace before any payments are expected.

WHAT COMPANIES DO

A fairly common practice among Western European companies is to go into a developing country and set up a telephone production plant for the country. The deal is quite simple. The company goes in, sets up the production lines, provides the plans, techniques, and know-how for producing basic equipment, such as telephone instruments, cables, and switches, and establishes a local company. The European parent company makes an arrangement whereby it will own that company for a sort period of time and gradually turn it over to the government of the developing country. For these efforts, the host government agrees that all telecommunications equipment purchased in their coun-

try must be purchased through the company set up by the Western European manufacturer. In addition, should any equipment be needed which is not made at the local factory, the company will have the opportunity to place the order through its "founder" in the Western European nation. The government of the Western European nation then agrees to make annual loans to the government of the developing country on a long term, preferred loan basis. The loans are to be used specifically for purchasing telecommunications equipment.

That type of competition is very hard for us to beat.

Low interest rates and extended terms are part of the export packages that German, Swedish, Japanese, and even South Korean telecommunications equipment manufacturers can offer, which American suppliers cannot. Those nations' policies look to the longer term, when the very systems and products they sell today under such favorable conditions will help generate the future cash flow to pay for themselves.

Contrast these aggressive programs with our own passive, and even antagonistic, policies and attitudes.

Not only is there no direct financial and promotional support, but our telecommunications export business is also forced to work in the face of indirect barriers, barriers that suggest antipathy or even downright antagonism toward export development. As just one example, consider our personal income tax laws.

LIVING CONDITIONS DIFFICULT

For a telecommunications engineer resident in a developing country, living conditions are not only difficult, but expensive. Whether the engineer is an American or from another country, his employer frequently must provide allowances to cover housing and extra costs of living, tuition for children where there are no Western schools, and travel home.

Under U.S. tax laws, these essential allowances are treated as income and must be "grossed-up," effectively doubled; other countries permit their citizens to treat these as what they are—cost reimbursements. This makes the cost of an American engineer resident abroad substantially higher than the cost of comparable personnel from other countries. As a result, American engineers and advisors working abroad are being displaced by other nationals. The American competitive position in developing countries is being eroded because engineers and advisors tend to favor equipment and systems with which they are most familiar, and this, most of the time, means from their native country.

It seems to me that the time has come to review long-held biases and to bring our telecommunications export policies in line with the current realities of the world market.

Every foreign sale of American high-technology or heavy industrial system lays the foundation for add-on business in the same or associated areas.

Every group of American technicians overseas trains a generation of foreign technicians. This is a kind of technology transfer that creates a continuing demand for more of the same systems, or their successors.

For every such sale which we lose to another country, and for every American technician who does not serve as a technological ambassador, our base of foreign trade is eroded, jobs at home are wiped out, and an opportunity to impart understanding and respect for American culture is lost.

Thank you, Mr. Chairman.

Senator McGovern. Thank you very much, Mr. Magee, for your testimony.

We appreciate the observations that you have made.

[Mr. Magee's prepared statement follows:]

Prepared Statement of John F. Magee, President of Arthur D. Little, Inc.

Mr. Chairman, thank you for your invitation to appear before this subcommittee and to present my views on the implications of international telecommunications development for business.

This is a matter of deep interest not only to companies in the telecommunications industry, but to all businesses and governments with a need for rapid access to dependable information.

International communications is a field where we have the opportunity—and the need—for positive government policies and attitudes:

To foster international telecommunications development, and

To promote the role of the United States' telecommunications industry.

In the interests of progress in developing countries, economic efficiency worldwide, and jobs at home.

I believe there are three basic issues to be addressed in considering federal policy toward international communications development:

First, can telecommunications projects in developing countries be considered high priority investments?

Second, what are the direct and indirect benefits to the United States inherent in establishing a stronger presence in the world telecommunications market?

Third, how can the appropriate branches of government help United States manufacturers and suppliers broaden their telecommunications role?

The issues are interrelated. They cannot be considered separately. Let me cite an example. Arthur D. Little was engaged by an American communications company to investigate the financial and economic feasibility of an earth station for satellite communication in Chad. The term, "earth station," refers to a ground antenna system, to be used in this case for the sending and receiving of international messages via a satellite owned and operated by an international corporation. The antenna itself would be owed and operated by the ministry of posts and telegraphs (the National Chad Telephone Company), and its cost was estimated at $2.2 million.

Even this relatively small sum was beyond Chad's means. The World Bank, which is the international agency perhaps the most favorable to funding telecommunications, considered earth stations to be high technology projects that are low on the priority list.

Private banks considered Chad a poor credit risk, as did Exim Bank.

USAID has limited allocation of funds to Chad, which it concentrates on agricultural and rural development.

The real question was: "What does a poor and technically backward subsaharan country, twice the size of Texas, with a population of under 4 million and an income per capita of less than $100 a year—what does this country want with a system as sophisticated as an earth station?

It should be added that less than 10 percent of the population is literate, there is no television, and only 5,400 telephones—4,700 of them in the capital. Apart from the justification for advanced telecommunications, what were Chad's prospects of operating with a favorable cash flow?

Our two-man team, consisting of a telecommunications engineer and a development economist, made a two-week, on-site study. They found a combination of potentially favorable factors—agriculture, tourism, and mineral resources among them—that could be enhanced by the proposed telecommunications system.

Financially, the earth station would generate enough revenues to pay for itself in five years. Moreover, the Chad ministry of posts and telegraphs was technically and administratively qualified to manage the station.

Why a satellite earth station? Because it would be prohibitively expensive to install land lines for telephone, telex, radio, and television transmissions when a technology that had leap frogged into space during long years of under-development was available.

As a specific instance of direct benefit from an international telecommunications system for Chad, let me describe briefly the significance for oil exploration activities.

The country's mineral resources include petroleum, which had interested Continental Oil Company sufficiently to send a 30-member exploration team. The virtual isolation of the area meant a delay of many days, sometimes weeks, before geological data sent out of the country could be processed and returned. In the meantime, valuable people and equipment were tied up, pushing costs almost beyond the point where the company can economically continue its activities there. A satellite system would, of course, mean an almost instantaneous relay of data between field and home office, and uninterrupted operation.

I wish that the American initiative in proposing the Chad earth station had resulted in an American commercial success. It did not.

The communications company made our findings known to the World Bank, Exim Bank, and the Overseas Private Investment Corporation. But while these potential sources of funds deliberated, asked for more information, and postponed a decision, the issue was taken out of their hands.

France—which has enjoyed a special relationship with Chad since the days when it was the largest part of French Equatorial Africa—stepped in to finance the project and is building the earth station. For very little money, therefore, France is maintaining its influence in this part of Africa, closing the door at least part way on the United States.

I have gone into this much detail on Chad because it typifies the divergent thinking on whether telecommunications can be considered a high priority investment for developing countries—and of the potential benefits to the United States in establishing a telecommunications presence in a developing country.

A similar situation exists right now in Sierra Leone, where a contract for an earth station is being held up by difficulties in obtaining financing.

Traditionally, telecommunications has been viewed as an outgrowth of a solidly established industrialized society whose vitality generates an increasing need for messages between and among businesses and individuals. There was some justification for this assertion in the past. By this measure, however, Third World Nations would be largely excluded from the ranks of those that should be putting priority on building their telecommunications capabilities much beyond their current levels. For, by the traditional yardstick, telecommunications follows industrial development rather than precedes it.

That is now an outmoded thesis. It has been rejected by the less-developed, as well as the developed, nations. There is growing recognition today of telecommunications more as a precondition than a consequence of industrial and social development.

Low per-capita telephone density traditionally has been regarded as a *symptom* of low economic development, but now, many of us believe the symptom has become ingrained and should be counted as one of the major *causes* of underdevelopment. Telecommunications technology provides a key element in building the infrastructure essential to the development of a viable economy.

Our government, in its policies and its practices, appears to hold to the traditional attitude. USAID, for example, believes it is more important to build ports, a highway system, promote agriculture—all of which are essential and desirable. The agency does not help fund high-technology telecommunications projects in developing nations. Others, and this is a view I strongly share, believe that in today's world, telecommunications is an essential in building an infrastructure. We believe also that telecommunications investment provide more reach per dollar than other investments in bringing people up to the last quarter of the 20th century. A telecommunications system makes it possible for a developing nation to establish connections with the outside world. In our information-oriented world, this is essential. Without such connections, many poorer nations have little chance of developing viable economies able to compete in the world marketplace.

Developing countries see the need for modern communications and the impact is dramatically evident. Whenever I visit the Middle East, for example, I am impressed by the enormous social and political impact of telecommunications in

that part of the world. It seems as though every Arab has a transistor radio. And Riyadh, which once seemed so remote, now is just a phone call away. The telephone, Telex, and ultimately television, exchange between here and Saudi Arabia is creating an entirely different climate for international understanding, cooperation, and trade.

Saudi Arabia has recognized telecommunications as a key building block in creating a sound infrastructure for economic growth. Its second five-year plan calls for a 30 percent per annum growth in telecommunications, and six billion dollars has been budgeted for the purpose over the next several years. The best and most suitable of telecommunications technology is available to that nation, and it is planning to install a combination of both proven and advanced systems.

An important element in the system will be Saudi's contribution to the construction of a regional satellite system—ARABSAT. The design of ARABSAT will cover every Arab nation and more than 95 percent of the population. The system is considered especially important because it will help bridge the shortage of instructors to train workers in skills that are in great demand throughout the developing Arab world. ARABSAT also will help alleviate the shortages of qualified physicians and medical specialists which plague all developing countries by putting medical personnel in two-way visual and voice communication with community centers and clinics.

Other developing countries do not have the current wealth of Saudi Arabia. Nevertheless, they see the immediate need for communications for their long-term benefit.

In Southeast Asia, for example, five noncommunist countries represent a combined population of some 245 million and a gross national product of 80 billion dollars. These are Indonesia, Singapore, Malaysia, Thailand, and the Philippines.

Their assets include vast natural resources, excellent labor draw, relatively stable governments, favorable attitudes toward the United States and foreign investment, and the strategic location for entry into the potentially enormous market of mainland China.

Malaysia has already articulated telecommunications plans of an immediate nature, and Indonesia and the Philippines for the longer term.

Unlike Saudi Arabia, most of these nations cannot finance their telecommunications developments in conventional ways. They require special financial packages, that is loan agreements, usually with delayed payment terms that provide time to get their communications systems—and their economies—on a paying basis. The price of the equipment and the interest on the loans—items we are accustomed to looking at in estimating costs—are only secondary considerations. The perceived manageability of the financial package is the overriding factor.

The Japanese government recognizes this. So do the governments of West Germany, Sweden, and other European nations whose telecommunications suppliers compete aggressively with American companies for world markets.

This point brings me to my second issue: Is it in our national interest to foster international telecommunications development?

For a number of decades Arthur D. Little, Inc., has performed professional consulting, research, and development services for clients throughout the world. Last year, our staff worked in some 49 countries on six continents. We know at first hand how fast the world is shrinking, and how the interdependence between nations increases. Like it or not, the world economy is more integrated than it once seemed. We depend on each other for resources—minerals, metals, machinery, and labor. We depend also on easy, rapid access to data about available resources and shipping capacity available to move those resources. Without such data, the productivity and well-being of our people and of the economy are severely hampered. This nation's own economic health is dependent not only upon that of other nations, but also on our ability to communicate with them.

Besides the indirect economic benefits of telecommunications improvement, the production and sale of communications equipment is a major export business we may let slip away.

The United States leads the world in telecommunications technology. There is available today an incredibly rich mixture of telecommunications hardware and software options developed by U.S. industry and government agencies. Satellite technology enables us to bridge vast distances and overcome difficult environments to bring remote corners of the world in touch with urban centers.

The growing fiber optics technology already has demonstrated exciting potential. These and other developments could lead to additional expansion of person-to-person communications, business-to-business communications, communications between business and individuals, between governments and individuals, or between government agencies.

Yet U.S. suppliers operate under extreme competitive disadvantages in marketing their telecommunications products abroad. Our share of the total export market for telecommunications equipment declined from 25.6 percent in 1969 to 19.7 percent in 1974. And the decline continues.

American manufacturers, for the most part, offer lower prices than their counterparts in Europe and Japan. There is, however, no telecommunications product manufactured in the United States that industrialized countries elsewhere cannot duplicate.

European and Japanese suppliers are attacking our lead in the design and manufacture of telecommunications products. Some countries learned in and from the United States and then barred us effectively from doing business within their own spheres. Other governments are actively supporting their telecommunications industry's marketing efforts.

These governments recognize that the marketing of telecommunications differs from other export efforts. The nature of the equipment and systems is such that an initial sale almost inevitably assures large follow-on sales, so that access to the market is effectively limited for manufacturers from other countries. The marketing of telecommunications equipment abroad is unique also in that sales are nearly always made to governmental agencies and entail, in addition to the capital products, the training of native personnel, who thereby become familiar with the supplier nation's products and culture.

Let me give you some examples of the government support foreign telecommunications manufacturers get when competing for contracts. The Japanese government prepares special loan agreements for its manufacturers to present along with their proposals to sell equipment to a developing country. In effect, the Japanese supplier walks in with both a bid and a means for paying for the equipment over a very long term. If the purchasing nation has strong potential and continues to buy Japanese goods, the interest rates are low. In some cases, the purchaser is given several years grace before any payments are expected.

A fairly common practice among Western European companies is to go into developing countries and set up telephone production plants for them. The deal is quite simple. The company goes in, sets up the production lines, provides all the plans, techniques, and know-how for producing basic equipment such as telephone instruments, cables and switches, and sets up a local company. The European parent company makes an arrangement whereby it will own that company for a short period of time and gradually turn it over to the government of the developing country. For these efforts, the government agrees that all telecommunications equipment purchased in their country must be purchased through the company set up by the Western European manufacturer. In addition, should any equipment be needed which is not made by the factory, the company will have the opportunity to place an order through its "founder" in the Western European nation. The government of the Western European nation then agrees to make annual loans to the government of the developing country on a long-term, preferred loan basis. These loans are to be used specifically for purchasing telecommunications equipment. That type of competition is very hard to beat.

Low interest rates and extended terms are part of the export packages German, Swedish, Japanese, and even South Korean telecommunications equipment manufacturers can offer, but which American supplier cannot. Those nations' policies look to the longer term, when the very systems and products they sell today under such favorable conditions, help generate the future cash flow to pay for themselves.

Contrast these aggressive programs with our own passive, or even antagonistic, policies and attitudes.

Not only is there no direct financial and promotional support, but our telecommunications export business also is forced to work in the face of other indirect barriers—barriers that suggest antipathy or downright antagonism toward export development. As just one example, consider our personal income tax laws. For a telecommunications engineer resident in a developing country, living conditions are not only difficult but expensive. Whether the engineer is American or from another country, his employer frequently must provide allowances to cover

housing and extra costs of living, tuition for children where there are no Western schools, and travel home.

Under U.S. tax laws, these essential allowances are treated as income and must be "grossed up," effectively doubled; other countries permit their citizens to treat these allowances as cost reimbursements. This makes the cost of an American engineer resident abroad substantially higher than that of comparable personnel from other competing nations. As a result, American engineers and advisors working abroad are being displaced by other nationals. The American competitive position in developing countries is being eroded because engineers and advisors tend to favor equipment and systems with which they are most familiar—which most of the time means from their native country.

It seems to me, the time has come to review long-held biases and to bring our telecommunications export policies in line with the current realities of the world market.

Every foreign sale of American high-technology or heavy-industrial systems lays the foundation for add-on business in the same or associated areas.

Every group of American technicians overseas trains a generation of foreign technicians. This is a kind of technology transfer that creates a continuing demand for more of the same systems, or their successors.

For every such sale we lose to another country, and for every American technician who does not serve as a technological ambassador, our base of foreign trade is eroded, jobs at home are wiped out, and an opportunity to impart understanding and respect for American culture is lost.

Telecommunications Exports Described As Key To Trade With Developing Nations

President of Arthur D. Little, Inc., Testifies on Role of Government Policies in Supporting American Competitive Position

Washington, D.C., June 10 * * * Although the United States leads the world in telecommunications technology, American suppliers labor under extreme competitive disadvantages in marketing their products and services abroad.

This statement was made by John F. Magee, president and chief executive officer of Arthur D. Little, Inc., in testimony today before the International Operations Subcommittee of the Senate Foreign Relations Committee, during hearings on the role and control of international information and communications.

The Cambridge-based research and management consulting firm headed by Mr. Magee engages in a wide range of professional services that include major projects in the evaluation, planning, and design of public and private telecommunications systems for developing nations.

CONTRASTING POLICIES

"Low interest rates and extended terms are part of the export packages German, Swedish, Japanese, and even South Korean equipment manufacturers can offer, but which American suppliers cannot." Mr. Magee said. "Those nations look to the longer term, when the very system and products they sell today under such favorable conditions help generate the future cash flow to pay for themselves."

These aggressively supportive foreign trade programs contrast with policies and attitudes in the United States that are passive and even antagonistic, Arthur D. Little's president continued.

He cited the Tax Reform Act of 1976 as another factor that has further undermined America's competitive position in the international marketplace. Overseas cost reimbursements to companies and deductions for their employees, formerly allowed to offset the business and personal expense of operating and living abroad, have been eliminated or reduced. As a result, the American managerial and technical presence in foreign countries is already beginning to diminish. The United States is losing one of its strongest selling points—the export of technological talent together with its industrial systems, Mr. Magee said.

TELELCOMMUNICATIONS A KEY EXPORT INDUSTRY

"In our information-oriented world," Mr. Magee said, "telecommunications is a key building block in creating a sound infrastructure for economic growth.

. . . (In addition) telecommunications investments provide more reach per dollar than other investments in bringing people up to the last quarter of the 20th century."

He expanded on this view by pointing out that a telecommunications system makes it possible for a developing nation to establish connections with the outside world, helping to break its isolation and the log-jam that keeps its industrial and resource potential locked in.

"Low per-capita telephone density traditionally has been regarded as a symptom of low economic development," Mr. Magee said. "But now, many of us believe the symptom has become ingrained and should be counted as one of the major causes of underdevelopment."

TRADITIONAL VIEWS OUTMODED

Mr. Magee referred to a traditional view of telecommunications which holds it to be an outgrowth of a solidly established industrialized society whose vitality generates an increasing need for business and personal messages.

"This is now an outmoded thesis, he said, "rejected by the less-developed and developed nations alike. There is a growing recognition today that telecommunications is more of a precondition than a consequence of industrial and social development."

Calling for a review of long-held biases and for measures to bring U.S. telecommunications export policies in line with current world realities, Mr. Magee concluded:

"Every foreign sale of American high-technology or heavy-industrial systems lays the foundation for add-on business in the same or associated areas.

"Every group of American technicians overseas trains a generation of foreign technicians. This is a kind of technology transfer that creates a continuing demand for more of the same systems, or their successors.

"For every such sale we lose to another country, and for every American technician who does not serve as a technological ambassador, our base of foreign trade is eroded, jobs at home are wiped out, and an opportunity to impart understanding and respect for American culture is lost."

WITNESS

Our second witness is Robert White, Jr., who is the executive vice president of Citibank, Inc., of New York.

Mr. White, please proceed as you wish.

STATEMENT OF ROBERT B. WHITE, EXECUTIVE VICE PRESIDENT, CITIBANK, N.A., NEW YORK, N.Y.

Mr. WHITE. Thank you, Senator McGovern.

I am pleased to appear before this subcommittee, and I hope that my testimony will be of help to you in establishing your priorities for further research and discussion.

This morning I would like to give you some idea why the development of communications technology and the free flow of information across national borders are important to Citibank and other financial institutions engaged in international business.

CONDITIONS CONDUCIVE TO FAST, RELIABLE FINANCIAL DATA TRANSMISSION

I will describe the conditions which would be most conducive to the fast and reliable transmission of financial instructions and data throughout the world, and will raise a few issues that are of concern to financial institutions.

There is no easy way to describe to you the magnitude of the money transactions that banks transmit around the world every day. Perhaps it is sufficient to say that we are living in an increasingly interdependent world, and the growth in international trade testifies to that.

Global exports in 1976 were $980 billion, which is 12.6 percent higher than the year before. A large part of that total was financed through trade credits arranged by banks, and all of it triggered some kind of international financial transaction which depended on the world's communications media.

The essential role of banking in the world economy is to help individuals, businesses, and governments obtain credit and move funds in support of world trade and commerce.

In addition to lending the money that is required to expand economic activity throughout the world, Citibank and other banks provide a variety of transaction services. One of the most important services we call International Money Transfer. This is the transfer of funds from an account in one country to an account in another country, or the movement of foreign-owned funds within a country.

Other services include: foreign exchange transactions; letters of credit, which are guarantees banks provide to assure exporters that the importers' credit is good; and international collections services, in which we help overseas parties collect funds on drafts, notes or checks drawn on U.S. banks, or help U.S. customers collect funds from a foreign bank.

Today, Citibank provides these and other services in over 100 countries. Our operations have taken on a geographic dimension that was not present a couple of decades ago, when foreign trade was just a fraction of what it is today.

Today's high transaction volumes and geographic spread have introduced communications problems that demand sophisticated technological solutions. Not too long ago, our international business was transacted mainly by mail, with some use of telegraphic services to initiate funds transfers.

But the complexity of international business today places a premium on speed and accuracy. Exchange rates and commodity prices fluctuate rapidly. Competitive bids are made for short supplies. Our customers often need credits or transfers completed and advices issued in a matter of hours, not days.

Consider a representative transaction. A South American company bids on a contract to purchase Middle East oil. They ask a U.S. based international bank to issue a performance guarantee on their behalf, assuring the availability of funds. The entire transaction, from the South American company's initial request to the delivery of the guarantee in the Middle East, might have to occur in less than a day's time.

This is why we are primarily dependent upon electronic media for international communications, both in providing services to our customers and in administrative communication between our branches. Today we are using automated systems that rely on cable, telex, and telephone networks. Without them, the timely and accurate execution of our business transactions would be difficult.

Banks needs to communicate between countries and depend on various international common carriers for their telephone, cable, and

telex services. These include RCA, ITT, and the British firm, Cable & Wireless, Ltd., among others.

For communications within countries, of course, banks rely on the countries' local communications companies and the postal, telephone, and telegraph administrations.

However, not every country possesses the financial and technical resources to establish the modern telecommunications facilities that are available in the industrialized nations. Internationally, there is wide variation in the nature and availability of communications facilities.

GLOBECOM COMMUNICATIONS NETWORK

Several years ago, to make sure we could provide fast, uniform, and dependable service to customers around the world, we leased lines to form a private, automated, global communications network. We refer to it as Globecom.

Globecom has four switching points tying the system together. The main switching center is in New York, through which most of the East-West traffic passes. In addition, lines radiate from New York to key cities in Latin America and Africa, as well as to major U.S. locations. The other switches are in London, for our European locations; in Bahrain, for the Middle East; and in Hong Kong, for the Far East.

The backbone of Globecom is a series of leased circuits, including satellite transmission, that circles the Earth and carries telephone as well as cable and teletype communications.

The lines interconnect about 80 of our overseas branches in some 65 countries. About 20 of the 80 overseas branches on the network are interconnected by private telephone lines, in addition to the telegraphic capabilities. We use the leased lines for telegraphic transmissions, in support of the services that I mentioned earlier.

Today, Globecom handles about 325,000 transmissions per month. We estimate that 90 percent of our telegraphic traffic and 63 percent of our telephone traffic flows entirely or partly over the system. An advantage of the system, in addition to improving speed and accuracy of customer service, is the relatively constant cost of leasing lines versus paying a per transmission charge. Our Globecom plan reduced our international communications costs and stablized them by increasing the traffic mix over leased lines.

SWIFT

Citibank is also planning to link to another privately leased international network, known as SWIFT. SWIFT stands for the Society for Worldwide Interbank Financial Telecommunications. Its members include about 500 European, Canadian, and United States banks in 15 countries.

SWIFT was conceived in 1971, by a consortium of 68 banks from Europe and North America. These banks commissioned a study to explore the feasibility of establishing a private communications network for the transmission of international payments and related messages. The study concluded that such a network was both technically

and economically feasible, and the consortium gave the go-ahead for implementation. SWIFT was thus organized to implement and operate the system on behalf of its members.

SWIFT was established as a not-for-profit cooperative society under Belgian law in April 1973 and is wholly owned by the member banks. Shares are distributed according to each bank's anticipated use of the system, but each member bank owns at least one share. Citibank is a charter member of SWIFT.

SWIFT is a message-switching system with two computer centers, one in Amsterdam and one in Brussels. The system offers a general improvement in convenience and reliability over telex and mail. It is expected that cost reductions in handling and processing messages will result from standardization of message format and resource sharing.

These background comments have described our participation in international communications.

EFFECTIVE INTERNATIONAL COMMUNICATION

Now I would like to briefly mention a few points that we believe are important to effective international communication.

First, it would be helpful if the countries of the world would review their policies, laws, regulations, and proposals to eliminate inconsistencies between countries. In particular we would not like to see requirements by one nation that would make it impossible to comply with those of another nation, and make it difficult for banks to serve their customers anywhere in the world.

Second, we would like to see regulation generally kept to the necessary minimum. As you know, excessive regulation can be a costly business for governments and businesses alike, and it should be focused on the critical issues.

Third, we believe that international communications will develop best in an environment that encourages the rapid development and adoption of new technology.

There are three specific areas which concern us, where the need for consistent, minimum regulation and new technological development come into play: first, communications equipment; second, communications tariffs; and third, the privacy of information being communicated.

COMMUNICATIONS EQUIPMENT

When we set up our global communications network at Citibank, we discovered considerable differences from one country to another in the kinds of equipment that are approved for local use, and the transmission speed capabilities of local lines. We have had to use equipment overseas that is incompatible with the equipment we use here. The result is nearly always additional cost—and occasionally some technical difficulty—in adapting our systems to complete the overseas links.

However, the differences in equipment standards between countries today are understandable. Very few countries have the wide technical choices that are available in the United States, and few can permit unrestricted technological competition from abroad without endan-

gering their own developing industries. Thus, we have adjusted to these differences, and we will continue to do so.

Nevertheless, we would encourage any international efforts that would eliminate barriers and increase flexibility in selecting telecommunications equipment and transmission technologies. We would like to see agreement on compatible equipment standards and reciprocal certification among those countries that adopt compatible standards. That would cut down on the leadtimes that are required today for equipment approval by local communications authorities. When I say compatible standards, I do not mean standardization.

Standardization implies complex and detailed technical conformance, which tends to freeze technology in place, and discourages further innovation.

Rather, what we suggest is the minimum level of equipment quality and systems interface that will allow reliable and cost-efficient international communications.

COMMUNICATIONS TARIFFS

The question of communications tariffs centers on whether actual operating costs, national policy, or other considerations, are the basis for charges levied. For example, one of the intended advantages of SWIFT is the reduced and stable cost of leasing a shared private line. However, new tariff regulations have been agreed upon by various European communications authorities that would subject shared systems to cost schedules based not on the cost of the line, but on a volume-sensitive, per-message basis. These regulations may adversely affect the projected economies of the SWIFT network.

Thus, we are in favor of allowing the ability to maintain leased-line, private-circuit networks, and we are concerned that possible moves to price all traffic on a per-message basis may discourage the development of these networks.

PRIVACY OF INFORMATION BEING COMMUNICATED

Our final point involves the question of who controls all the data that is being transmitted. Who has access, and who should have access, to the information that customers have entrusted to financial services institutions?

One of the keys to the viability of any financial service institution is its willingness to meet the expectations of its customers that the confidentiality of their affairs will be maintained.

Confidentiality is a cornerstone of banking throughout the world, and Citibank's internal policy for all of its 165 years has given clear protection to our customers' inherent right to privacy. It is, and will continue to be, Citibank's policy to hold the affairs of its clients in the strictest confidence, and not to release information except with the consent of the customer or pursuant to valid legal process.

I might add that in some countries this policy is mandated by law. Accordingly, we are concerned that any access to the flows of financial information may compromise a bank's ability to adhere to its own privacy policy and to privacy law in other parts of the world.

LEGISLATIVE EFFORTS TO ENSURE CONFIDENTIALITY

There are a couple of practical issues, however, that stem from various countries' legislative efforts to ensure confidentiality. Laws that demand confidentiality are clearly in the public interest. The difficulty with such laws arises when different jurisdictions do more than establish policy, but also dictate operating standards and procedures. Some countries, for example, may shortly require full line encryption of all transactions, not only within their borders, but originating within their countries and going outside, or coming from outside the country to an account within the country. The country on the other end of the transaction, however, may insist that there be no coding of messages. Obviously, it is difficult to satisfy the laws of both jurisdictions. We hope that any policy that the Federal Government adopts in international communications will encourage the minimization or elimination of government-imposed operating standards and procedures.

Thank you.

[Mr. White's prepared statement follows:]

PREPARED STATEMENT OF ROBERT B. WHITE

My name is Robert B. White, I am an executive vice president of Citibank, N.A. in charge of the services management group. Citibank is an international financial services company with more than 200 branches overseas. The group I manage provides cash management, funds transfer, and securities processing services for Citibank's corporate customers—including all overseas transactions that come through New York. It manages the institution's administrative, management information and accounting services, and plans and develops the communications systems that link our offices and branches throughout the world.

I am pleased to appear before this subcommittee, and I hope my testimony will be of help to you in establishing your priorities for further research and discussion.

This morning I would like to give you some idea why the development of communications technology and the free flow of information across national boarders are important to Citibank and other financial institutions engaged in international business. I will describe the conditions which would be most conducive to the fast and reliable transmission of financial instructions and data throughout the world, and raise a few issues that are of concern to financial institutions.

There is no easy way to describe to you the magnitude of the money transactions that banks transmit around the world every day. Perhaps it is sufficient to say that we are living in an increasingly interdependent world, and the growth in international trade testifies to that. Global exports in 1976 were $980 billion, which is 12.6% higher than the year before. A large part of that total was financed through trade credits arranged by banks, and all of it triggered some kind of international financial transaction which depended on the world's communication media.

The essential role of banking in the world economy is to help individuals, businesses and governments obtain credit and move funds in support of worldwide trade and commerce. In addition to lending the money that is required to expand economic activity throughout the world, Citibank and other banks provide a variety of transaction services. One of them is:

International money transfer—the transfer of funds from an account in one country to an account in another country, or the movement of foreign-owned funds within a country.

Other services include:

Foreign exchange transactions;

Letters of credit—which banks provide to assure exporters that the importers' credit is good;

And international collections services—in which we help overseas parties collect funds on drafts, notes or checks drawn on U.S. banks, or help U.S. customers collect funds from a foreign bank.

Today, Citibank provides these and other services in over 100 countries. Our operations have taken on a geographic dimension that was not present a couple of decades ago, when foreign trade was just a fraction of what it is today.

Today's high transaction volumes and geographic spread have introduced communication problems that demand sophisticated technological solutions. Not too long ago, our international business was transacted mainly by mail—with some use of telegraphic services to initiate funds transfers.

But the complexity of international business today places a premium on speed and accuracy. Exchange rates and commodity prices fluctuate rapidly. Competitive bids are made for short supplies. Our customers often need credits or transfers completed and advices issued in a matter of hours, not days.

Consider a representative transaction. A South American company bids on a contract to purchase Middle East oil. They ask a U.S.-based international bank to issue a performance guarantee on their behalf, assuring the availability of the funds. The entire transaction, from the South American company's initial request to the delivery of the guarantee in the Middle East, might have to occur in less than a day's time.

This is why we are primarily dependent on electronic media for international communication, both in providing services to our customers and in administrative communication between our branches. Today, we are using automated systems that rely on cable, telex, and telephone networks. Without them, the timely and accurate execution of our business transactions would be difficult.

Banks needing to communicate between countries depend on various international common carriers for their telephone, cable, and telex services. These include RCA, ITT, and the British firm, Cable and Wireless, Ltd., among others.

For communications within countries, of course, banks relay on the communication companies and the Postal, Telephone and Telegraph Administrations within each country.

However, not every country possesses the financial and technical resources to establish the modern telecommunications facilities that are available in the industrialized nations. Internationally, there is wide variation in the nature and availability of communications facilities.

To make sure we could provide fast, uniform, and dependable service to customers around the world, we leased lines to form a private, automated global communications network. We refer to it as Globecom.

Globecom has four switching points tying the system together. The main switching center is in New York, through which most of the East-West traffic passes. In addition, lines radiate from New York to key cities in Latin America and Africa, as well as to major U.S. locations. The other switches are in London, for our European locations; in Manama, Bahrain, for the Middle East; and in Hong Kong, for the Far East.

The backbone of Globecom is a series of leased circuits (including satellite transmission) that circles the earth, and carries telephone as well as cable and teletype communications.

The line interconnect about 80 of our overseas branches in some 65 countries. We use the leased lines for telegraphic transmissions, in support of the services I mentioned earlier. About 20 of the 80 overseas branches on the network are interconnected by private telephone lines, in addition to the telegraphic capabilities.

Today, Globecom handles about 325,000 transmissions per month. We estimate that 90% of our telegraphic traffic and 63% of our telephone traffic flows entirely or partly over the system. An advantage of the system, in addition to improving speed and accuracy of customer services, is the relatively constant cost of leasing lines versus paying a per-transmission charge. We plan to reduce our international communication costs and stabilize them.

Citibank is also planning to link to another privately leased international network known as SWIFT. SWIFT stands for the Society for Worldwide Interbank Financial Telecommunications. Its members include about 500 European, Canadian, and U.S. banks in 15 countries.

Briefly, SWIFT was conceived in 1971 by a consortium of 68 banks from North America and Europe. These banks commissioned a study to explore the feasibility of establishing a private communications network for the trans-

mission of international payments and related messages. The study concluded that such a network was both technically and economically feasible, and the consortium gave the go-ahead for implementation. SWIFT was thus organized to implement and operate the system on behalf of its membership.

SWIFT was established as a "not-for-profit" cooperative society under Belgian law in April 1973, and is wholly owned by the member banks. Shares are distributed according to each bank's anticipated use of the system, but each member bank owns at least one share. Citibank is a charter member of SWIFT. SWIFT is a message-switching system with two computer centers—one in Amsterdam and one in Brussels. The system offers a general improvement in convenience and reliability over telex and mail. It is expected that cost reductions in handling and processing messages will result from standardization and resource sharing.

These background comments have described our participation in international communications.

Now I'd like to briefly mention a few points that we believe are important to effective international communication. First, it would be helpful if the countries of the world would review their policies, laws, regulations, and proposals to eliminate inconsistencies. In particular, we would not like to see requirements by one nation that would make it impossible to comply with those of another nation, and make it difficult for banks to serve their customers anywhere in the world.

Second, we would like to see regulation generally kept to the necessary minimum. As you know, excessive regulation can be a costly business for governments and businesses alike, and it should be focused on the really critical issues.

Third, we believe that international communications will develop best in an environment that encourages the rapid development and adoption of new technology.

There are three specific areas which concern us, where the need for consistent, minimum regulation and new technological development come into play: communication equipment, communication tariffs, and the privacy of the information being communicated.

When we set up our global communications network at citibank, we discovered considerable differences from one country to another in the kinds of equipment that are approved for local use, and the transmission speed capabilities of local lines. We have had to use equipment overseas that is incompatible with equipment we use here. The result is nearly always additional cost—and occasionally some technical difficulty—in adapting our systems to complete the overseas link.

The differences in equipment standards between countries today are perfectly understandable. Very few countries have the wide technical choices that are available in the U.S. and few can permit unrestricted technological competition from abroad without endangering their own developing industries. Thus, we have adjusted to these differences, and we will continue to do so.

Nevertheless, we would encourage any international efforts that would eliminate barriers and increase flexibility in selecting telecommunications equipment and transmission technologies. We would like to see agreement on compatible equipment standards, and reciprocal certification among those countries that adopt compatible standards. That would cut down on the lead times that are sometimes required today for equipment approval by local communications authorities.

I hasten to add that when I say compatible standards, I do *not* mean standardization. Standardization, because it implies complex and detailed technical conformance, tends to freeze technology in place and discourages further innovation. Rather, what we suggest is the minimum level of equipment quality and systems interface that will allow reliable and cost-efficient international communication.

The question of tariffs imposed on communication services centers on whether actual operating costs, or national policy or other considerations, are the basis for charges levied. For example, one of the intended advantages of SWIFT is the reduced and stable cost of leasing a shared private line. However, new tariff regulations have been agreed upon by various European communications authorities that would subject shared systems to cost schedules based *not* on the cost of the line, but on a volume-sensitive per-mesage basis. These regulations may adversely affect the projected economies of the SWIFT network.

We are in favor of allowing the ability to maintain leased-line, private-circuit

networks. And we are concerned that possible moves to price all traffic on a per-message basis may discourage the development of these networks.

Our final point involves the question of who controls all the data that is being transmitted. Who has access—and who *should* have access—to the information that customers have entrusted to financial service institutions?

One of the keys to the viability of any financial service institution is its willingness to meet the expectation of its customers—individual, corporate and governmental—that the confidentiality of their affairs will be maintained. Confidentiality is a cornerstone of banking throughout the world, and Citibank's internal policy for all of its 165 years has given clear protection to our customers' inherent right to privacy. It is, and will continue to be, Citibank's policy to hold the affairs of its clients in strictest confidence, and not to release information except with the consent of the customer or pursuant to valid legal process.

I might add that in some countries, this policy is mandated by law. Accordingly, we are concerned that any access to the flow of financial information may compromise a bank's ability to adhere to its own privacy policy and to privacy law—in other parts of the world.

There are a couple of practical issues, however, that stem from various countries' legislative efforts to ensure confidentiality. Laws that demand confidentiality are in the public interest. The difficulty with such laws arises when different jurisdictions do more than establish policy, but also dictate operating standards and procedures. Several countries in the world have already passed, or are in the process of passing legislation to ensure confidentiality.

From the viewpoint of an international organization like Citibank it may be unavoidable that we will be subject to conflicting requirements in our international operations because of differences in the laws of those countries in which we do business.

Some countries, for example, may shortly require full-line encryption of all transactions not only within their borders, but originating within their country and going outside—or coming from outside the country to an account within the country. The country on the other end of the transaction, however, may insist that there be *no* coding of messages.

Obviously, it is difficult to satisfy the laws of both jurisdictions. We hope that any policy the Federal Government adopts in international communications will encourage the minimization or elimination of conflicting privacy requirements.

I think we can all agree that unimpeded international communication is essential to world trade and economic development. The nations of the world, large and small, developed or emerging, are becoming more economically interdependent every day. Financial service institutions have become heavily involved in cooperative international development, and advancements in communications technology have helped them move financial resources when and where they are needed.

I would like to conclude my comments by stating the principles that guide Citibank's business dealings in the international market:

We must never lose sight of the fact that we are guests in foreign countries. We must conduct ourselves accordingly. We recognize the rights of governments to pass local legislation and our obligation to conform.

Under these circumstances, we also recognize that we can survive only if we are successful in demonstrating to the local authorities that our presence is beneficial.

We believe that every country must find its own way politically and economically. Sometimes we feel that local policies are wise; sometimes we do not. However, irrespective of our views, we try to function as best we can under prevailing conditions.

Finally, we have always felt free to discuss with local governments matters directly affecting our interests, but we recognize that they have final regulatory authority.

Within these guidelines, we will do all we can to encourage international agreements that will facilitate the development of effective communication throughout the world.

I thank you for inviting me here to participate in these important discussions.

HEARING PROCEDURE

Senator McGOVERN. Thank you very much, Mr. White, for your testimony.

President Watts, there is a rollcall in progress. I wonder if you would please wait for about 5 or 6 minutes while I run over to vote.

Mr. WATTS. Long enough for you to vote, Mr. Chairman.

Senator MCGOVERN. If another Senator who has already voted appears in the meantime, we will reopen the session. We will break at this point and I will return as quickly possible.

[A recess was taken.]

Senator MCGOVERN. We will now go back in session.

Our next witness is an old friend of mine, president Glenn Watts of the Communications Workers of America. President Watts, please proceed in any way that you see fit.

STATEMENT OF GLENN E. WATTS, PRESIDENT, COMMUNICATIONS WORKERS OF AMERICA, WASHINGTON, D.C.

Mr. WATTS. Before starting, I suppose facetiously I could comment that I assume you voted "right."

Senator MCGOVERN. I think so. This was a fairly easy vote.

Mr. WATTS. For the record, my name is Glenn E. Watts, and I am President of the Communications Workers of America [CWA], an affiliate of the AFL-CIO [American Federation of Labor-Congress of Industrial Organizations], which represents approximately 600,000 working people throughout the United States who are primarily engaged in the telecommunications field.

More than 90 percent of the members of CWA are directly involved in the telecommunications industry.

I would like to commend your initiative in holding these hearings, as they reflect the subcommittee's awareness of the global reach of communications technology and the increasingly vital role it is playing in our interdependent world. I have noted with interest, incidentally, the use of "interdependence." It has been used by others, and I think that is a very significant thing.

As the United States embarks upon the third century of its experience as a democracy, we should take pride, it seems to me, in the fact that such technological innovations as the telegraph, the telephone, the phonograph, the radio, and television, all of which have contributed to making our planet a "global village," are the products of American ingenuity.

The late 20th-century poet Ezra Pound once called artists "the antennae of the race." In a similar way, our communications media are mirrors of our national consciousness.

I know of your special concern today to explore the implications of international communications for American foreign policy.

ESSENTIAL UNDERPINNING OF INTERNATIONAL COMMUNICATIONS POLICY

The essential underpinning of an international communications policy should be a commitment to the proposition that the world should be an open marketplace in which information and ideas can be freely exchanged, unrestricted by international censorship. The only exceptions which should be countenanced apply to publications or messages advocating treason or insurrection against a government,

or urging the taking of a life or threatening harm against an individual.

The glaring reality of present-day international communications, however, is that the governance of the flow of ideas has become highly politicized, especially between the Western nations and the communist orbit, and between the West and the emerging countries of the Third World.

Nevertheless, we must avoid the pitfalls of applying a double standard in the exchange of information. That is, we must not champion an open communications policy for domestic consumption in the United States and simultaneously acquiesce in efforts to stifle the exchange of information in the international arena.

Moreover, because of our objection to broad-based censorship, we reject the new concept of "information sovereignty," which is now being promulgated by some Third World nations. Indeed, this idea flies directly in the face of President Carter's emphasis on human rights as the cornerstone of our foreign policy. As a general principle, the right to exchange information should be available to people throughout the world, regardless of their nationality, faith, or political belief.

In a similar way, as communications workers and as Americans, we disagree with the charge of "cultural imperialism" leveled by the Soviet Union against the United States.

INTERNATIONAL COMMUNICATIONS AS FUNDAMENTAL HUMAN RIGHT

The Soviet Union voted in the affirmative when the Universal Declaration of Human Rights was adopted unanimously by the United Nations in 1948, and within that document were these words: "Everyone has the right of freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive, and impart information through all media and regardless of frontiers."

Yet, from personal experience, I know that the Soviets make it difficult for Russian Jews, as an example, to communicate freely over the telephone.

Two years ago, I placed a telephone call to Vladimir Slepak, a Jewish radio engineer who had been harassed by the KGB because he desired to leave the Soviet Union and emigrate. As a matter of fact, he lost his employment. Although I had made standard international arrangements with Mr. Slepak well in advance to receive my telephone call, I was able to speak with him only after very vigorous insistence on my part, and even then our conversation was frequently interrupted at the Soviet end of the call.

Perhaps as no other incident in recent years, that call to Mr. Slepak drove home to me that when communications are silenced, censored, or threatened, the door is opened to discrimination, repression, and tyranny.

Because of the kind of interference illustrated in this case, it is vital that, just as we maintain a "hot line" between Washington and Moscow to deal between governments on emergencies, we should also maintain as many direct communication lines as we possibly can with the people of the Soviet Union, as well as any other country.

Since this portion of my testimony focuses on international communications as a fundamental human right, and because of your own special commitment to civil liberties, I would like to call your attention today to the fact that at least 283 trade unionists in 21 countries around the world are imprisoned or have disappeared because they dared to speak out freely against the oppressive regimes in their native lands.

Among these are three brave leaders of telecommunications unions. One is Henry Martinez Lopez, a national leader of the Federation of Telephone Workers of Cuba, who is serving a 20-year sentence. Another is Mrs. Sri Widjajanati, a member of the Postal and Telecommunications Workers' Union of Indonesia, who has spent the last 9 years in prison. Still another is Mrs. Satijah, a 30-year member of the same Indonesian union, who has been in prison for the last 8 years.

Because the plight of trade unionists who are imprisoned around the world has received scant attention, I would like very much to have your permission to submit as an addendum to my statement, a recent study illuminating this issue, compiled by Amnesty International.

Senator McGOVERN. Without objection, that document will be printed as part of the hearing record.

Mr. WATTS. In that, you will find a long list of trade unionists who have attempted to exercise their human rights and have wound up in prison.

[The information referred to follows:]

AMNESTY INTERNATIONAL LISTS 283 TRADE UNIONISTS IMPRISONED IN 21 COUNTRIES

[Supplied by: Glenn E. Watts]

Amnesty International today (Sunday, April 24, 1977) published a list of 283 trade unionists who are imprisoned or who have disappeared in 21 countries throughout the world. This list, published in conjunction with Prisoners of Conscience Year 1977, reveals an increase in the number of imprisoned trade unionists, adopted or investigated by AI, of 72% over a similar list published by AI in November 1976.

AI said that many of the people on the list are detained in violation of article 23(4) of the United Nations Universal Declaration of Human Rights which asserts the right of everyone to "form and to join trade unions for the protection of his interests."

Many of the trade unionists on the list are held without charge or trial and some have been subjected to "torture or to cruel, inhuman or degrading treatment or punishment" in violation of article 5 of the declaration.

AI emphasized that the list was confined only to those cases known at March 15, 1977 and was by no means complete as to numbers and countries.

In an introduction to the list, AI said, "There are almost certainly more trade unionists detained in the world and equally certainly more countries that are holding trade unionists in custody. The fact that a country or a particular trade unionist is not included only means that any such cases have not yet been taken up by or come to the attention of Amnesty International".

Only prisoners who are known or thought to be non-violent are taken up by AI.

AI has produced the list in the hope that trade unionists throughout the world will intervene on behalf of imprisoned colleagues included on the list.

TRADE UNIONISTS IN PRISON AS OF MARCH 15, 1977

INTRODUCTION

This list, compiled from Amnesty International records, contains the names of 283 trade unionists who are imprisoned, or who have disappeared in 21 countries throughout the world.

All are either AI-adopted prisoners of conscience or are under investigation by AI groups. (Investigation cases are marked with an asterisk).

Many are detained because of their membership of trade unions or political activities associated with trade unionism, in violation of article 23(4) of the United Nations Declaration of Human Rights which asserts the right of everyone to "form and to join trade unions for the protection of his interests".

Many of the trade unionists on this list are held without charge or trial. Some have been subjected to "torture or to cruel, inhuman or degrading treatment or punishment" in violation of article 5 of the declaration.

The list is far from comprehensive: either in the number of trade unionists who are imprisoned for the conscientious exercise of their rights or in the number of countries in which trade unionists are detained. There are almost certainly more trade unionists detained in the world and equally certainly more countries that are holding trade unionists in custody.

The fact that a country or a particular trade unionist is not included only means that any such cases have not yet been taken up by or come to the attention of Amnesty International. In addition, some names are omitted from the list since it is believed that publicity might not be helpful to the prisoners involved.

It is also important to emphasize that this list is only correct as of March 15, 1977. Some trade unionists on it may have been released since then and others detained either in the same countries or elsewhere.

Argentina

Dr. Berre—aged 30 years, medical doctor and general secretary of Assistant Doctors Trade Union; arrested in October 1976 in the Public Health Ministry of Cordoba and currently detained in Sierra Chica Prison in the Province of Buenos Aires; held in prevention detention without charge or trial at the disposal of the executive power.

Silvio Dragunsky—leader of *Partido Socialista de los Trabajadores* (PST—Workers' Socialist Party) in Bahia Blanca and trade unionist; detained at the end of 1974 and held in the Carcel de Sierra Chica, Buenos Aires Province under the State of Siege legislation imposed in November 1974; held without charge or trial at the disposal of the executive power.

Jose Maria Fernandez*—detained in April 1975 under the State of Siege legislation and held without charge or trial in the Carcel de Sierra Chica, Olavarria, Buenos Aires Province; married with three children.

Anibal Griot Avondet—aged 32. Bank employee at Banco de Seguros del Uruguay. Member of Uruguayan Bank Employees Trade Union. Arrested December 1973 in Buenos Aires; held in preventive detention without charge or trial at the disposal of the executive power (PEN). Believed to be detained in La Plata Prison in the Province of Buenos Aires.

Juan Carolos Lopez Osornio*—member of PST and Sugar Workers' Union; arrested March 1975 under the State of Siege legislation and reportedly tortured; he has been tried but no further details are known.

Jose Francisco Paez—aged 39; member of Sitrac-Sitram (Fiat Car Workers' Union); one of the most able and respected trade union leaders in Cordoba, he has also been vice presidential candidate for the PST; arrested January 1976 in Cordoba; his wife was arrested at the same time, but it is not known whether she is still detained.

Alberto Piccinini—secretary general of *Union Obrera Metalurgica de Villa Constitucion* (Union of Metallurgical Workers of Villa Constitucion); arrested in March 1975 under State of Siege legislation; detailed penal de Rawson, Province of Chabut; held in preventive detention without charge or trial at the disposal of the executive power.

Jorge Rodriguez*—member of PST; the exact date of his arrest is not known but he is detained in the Jefatura de Policia de Posario without charge or trial under the State of Siege legislation; reportedly detained for his trade union activities.

Rogue Romero—trade unionist and secretary of *Sindicatos de Mecanicos* of Cordoba (SMATA—Mechanical Workers' Union); arrested October 1975 in Cordoba and held under State of Siege legislation; he may be held in preventive detention at the disposal of the executive power without charge or trial; re-

*Names marked with an asterisk are not yet adopted as prisoners of conscience but are under investigation.

portedly in very bad health and going blind; held in Penitenciaria de Resistencia, Chaco.

Rene Salamanca—secretary general of SMATA; aged 36; abducted from his home in Cordoba on 28 March 1976; reportedly held in Campo de la Rivera in Cordoba, but his arrest has not been officially acknowledged by the authorities, and this has led to grave fears for his health.

Ruben Antonio Schib—Railway Workers' Trade Union leader; arrested in March 1975, held in preventive detention without charge or trial at the disposal of the executive power under the State of Siege legislation in Sierra Chica Prison, Olavarria, Buenos Aires Province.

Hector Vallejos—trade union leader of Mineworkers' Association of Sierra Grande; arrested October 1975, detained in Carcel de Encausados de Viedma, Province of Rio Negro, in preventive detention without charge or trial at the disposal of the executive power under the State of Siege legislation.

The following are all members of the Cordoba section of the *Luz y Fuerza* (light and energy) trade union. They were arrested in Cordoba in October 1974 and are held without charge or trial under State of Siege provisions. These prisoners went on hunger strike in March 1975 in protest against being held under the same conditions as common law criminals. They are all adopted: Luis Araoz, Ruben Becerpa, Atencio Maurino, Horacio Santillan, and Osvaldo Vadiolo.

Bahrain

Abbas Awashi—born 1943; construction worker and chairman of the (illegal) Construction Workers Trade Union; arrested 25 June 1974; detained without charge or trial in Jidda Island Prison for trade union activities; married with a young child.

Ahmed Al Thawadi—aged 35; clerk at Awal Contracting and Trading Company (Awalco); arrested 25 June 1974; detained without charge or trial in Alqala Prison for trade union activities; in solitary confinement since arrest; unmarried.

Yousif Al-Ajaji—aged 35; merchant; arrested 25 June 1974; detained without charge or trial in Jidda Island Prison for trade union activities; unmarried.

Bolivia

Enrique Albabbacin—local leader of the *Federacion Sindical de Trabajadores Mineros de Bolivia*, (FSTMB), Bolivian Trade Union Federation of Mine Workers; detained 8 June 1976; place of detention unknown.

Mario Copa—local leader of the FSTMB (Bolivian Trade Union Federation of Mine Workers); detained 8 June 1976; place of detention unknown.

Mario Cortez Cabpera—member of the FSTMB (Bolivian Trade Union Federation of Mine Workers); detained June 1976; place of detention unknown.

Fernando Garcia—FSTMB (Bolivian Trade Union Federation of Mine Workers); member from "Estalsa" Mine; detained 8 June 1976; place of detention unknown.

Ricardo Kespi—member of the FSTMB (Bolivian Trade Union Federation of Mine Workers); detained June 1976; place of detention unknown.

Felix Moya—member of the FSTMB (Bolivian Trade Federation of Mine Workers); detained 12 June 1976 at Huanuni Mine following its occupation by army troops; place of detention unknown.

Amadeo Obellana—member of the FSTMB (Bolivian Trade Union Federation of Mine Workers); detained 22 June 1976 with 9 others upon leaving meeting with the Archbishop of La Paz who has made extensive efforts to intercede on behalf of trade union prisoners; accused, although not formally charged, with the others of "belonging to a clandestine federation".

Andres Lora Ortuno—a miner who was arrested on 27 October 1976 in Oruro. Not formally charged and there will be no trial; his arrest is in relation to trade union activities. Held under Law of State Security. Place of detention unknown.

Corsino Perez—member of *Federacion Sindical de Trabajadores Mineros de Bolivia*, (FSTMB), Bolivian Trade Union Federation of Mine Workers; detained 8 June 1976; place of detention unknown.

Georgiano Perez Veizaga—member of FSTMB; detained 8 June 1976; place of detention unknown.

Marcial Plaza Garcia—member of FSTMB; detained 8 June 1976; place of detention unknown.

Brazil

Jose Rubens Sales Bastos—leader of the Maritime Worker' Trade Union; arrested in late August 1975 for his connections with the Communist Party and reportedly tortured; detained in Rio de Janeiro but the exact address is unknown. Tried in August 1976 and sentenced to 2 years imprisonment.

Dervil Antonio Benedette—member of the Printers' Trade Union; arrested at the end of February 1975 for his involvement in clandestine printing press of the Communist Party; not yet tried, he is held in the State of Parana.

Amaro Marques de Carvalho—legal official and trade unionists; arrested in February 1975 in Sao Paulo; sentenced to 3 years 6 months imprisonment in November 1975; the exact charges are not known but allegedly for activities linked to the left".

Paulo Simeao de Costa*—member of the Coffee Packing Workers' Union; arrested in September 1975 in Parana for his alleged membership of the Communist Party; detained in Prisao Provisoria in Curitiba with his trial currently in progress.

Joao Alberto Eimeck*—trade unionist employed by travel agency; arrested for suspected collusion with the Communist Party in September 1975 in Parana; detained in Curitiba; trial currently in progress.

Carlos Guimaraes—trade unionist and office worker for Joiners' Union; arrested in Parana in September 1975 for alleged association with the Communist Party; detained in Santa Catrina, he has not yet been brought to trial.

Newton Abel de Lima*—member of Londrina local council and former president of the Coffee Workers' Union; arrested in September 1975 in Londrina, Parana, for alleged membership in the Communist Party; detained in Curitiba and currently on trial.

Claudio Jose Ribeiro—member of Printing Trade Union; arrested in February 1975 in connection with printing *Voz Operaria*, the Communist Party newspaper; sentenced in August 1975 by the 2a Auditoria de Guerra to 5 years' imprisonment; held in Rio de Janeiro.

Mario Goncalves Sioueira*—member of the Coffee Packing Workers' Union and member of the *Movimento Democratico Brasileiro* (Brazilian Democratic Movement), the only legal opposition party in Brazil; detained September 1975 in Londrina, Parana, for alleged membership in the Communist Party; held in Curitiba, trial currently in progress.

Teleciano Honorato Vanderley—leader of the Maritime Workers' Trade Union; arrested in late August 1975 in Rio de Janeiro for alleged association with the Communist Party, allegedly tortured; detained in Rio de Janeiro and awaiting trial.

Chile

Bernardo Araya Zuleta and his wife *Maria Olga FLORES BARRAZA de Araya*—arrested at their home in Quinteros Province of Valparaiso on 2 April 1976; aged 67 and 61 respectively; Bernardo is a former member of parliament and prominent trade union leader of the Central Unica de Trabajadores. The Chilean authorities have not acknowledged their detention, but it is reported that he has been subjected to severe torture.

Mario Sergio Barraza Calderon—aged about 40; married with five children; provincial secretary for Antofagasta of the CUT (Central Workers' Union of Chile); worked as an assistant in the Chemical Laboratory in Antofagasta; sentenced to 28 years imprisonment; held in Santiago Penitentiary; application for option of exile has been refused although he may continue to apply.

Sergio Bascur Torres—aged about 30; married with four children; industrial worker from the region of Valdivia; arested 16 September 1973 and serving life sentence; held in Santiago Penitenciary; application for exile under decree law 504 refused July 1976.

Jose Bravo Faust—aged 24, unmarried; worker from Valparaiso; originally sentenced to death on charges connected with membership of a political organization, illegal after the coup but this sentence reduced to a total of 34 years; has been severely tortured and maltreated; held in the public prison of Santiago.

Manuel Francisco Bravo Villegas—aged 28, married with no children; manual worker from the Province of Osorno; sentenced to 11½ years' imprison-

*Names marked with an asterisk are not yet adopted as prisoners of conscience but are under investigation.

ment and held in the public prison of Osorno; he apparently has been offered an option of exile but remains in prison until a visa can be obtained for him.

Carlos Alberto Bruna Secgura—aged 26; married with two children; building worker from La Ligua; sentenced to 9 years' imprisonment and held in the public prison of San Felipe.

Lizandro Tucapel Cruz Diaz—aged 54 and married. Ex-trade union leader; arrested 18 December 1976 in Santiago. Subsequently, he has 'disappeared'. It is likely that he has been severely tortured.

Juan de Dios Cruz Miranda—married with six children; trade union leader for one of the campesino (peasant; landworker) unions in Melipilla region; of Milipilla; arrested early 1975; allegedly tortured; sentenced to 3 years' imprisonment from November 1975; held in the public prison of Melipilla.

Ernesto Robinson Gonzalez Jorquera—president of the *Conscjo Comunal Campesino of Melipilla* and secretary of the Farm Workers' Union, Mallarauco, of Milipilla; arrested early 1975; allegedly tortured; sentenced to 3 year's imprisonment to have commenced in October 1975; held in the public prison of Melipilla.

Joel Hualquinir Benavides—aged about 30; married with two children; president of the Union of the El Salvador Copper Mines; arrested July 1974; severely tortured during initial interrogation; later reported to have been held in Tres Alamos concentration camp in Santiago; present whereabouts are unknown; may have died in detention, but investigations are still being made to trace him. He is on AI's list of disappeared prisoners in Chile.

Luis Segundo Lazo Santander—aged about 47. Ex-chairperson of the Union Chilectra and ex-leader of the CUT (Central Chilean Trade Union). One of 13 people arrested in late November who have subsequently disappeared. Likely to have been severely tortured.

Reinalda del Carmen Pereira Plaza—aged 29 married and was 5 months pregnant at the time of arrest. Arrested and subsequently 'disappeared' on 15 December 1976. Hospital worker and Secretary of the Federation of Medical Technicians and Professional workers.

Mario Ruiz Solis—aged 25; textile mechanic and active in his trade union in Santiago before the coup; arrested in September 1973; sentenced to 25 years and held in the Penitenciary of Santiago.

Hector Veliz Ramirez—aged 44 and married with 4 children. Worker for the Municipality of Conchali, Santiago (unemployed at the time of arrest. Ex-leader of the CUT. One of 13 people arrested and subsequently 'disappeared' in November and December 1976.

Lincoyn Valu Berrios Cataldo—aged 48; married with three children; president of the National Association of Municipal Workers and secretary general of CLATE until 1973. One of 13 people arrested and subsequently disappeared in November/December 1976.

Horacio Cepeda Marinkovic—aged 54; married with four children; civil engineer and ex-director of ETC (State Transport company) as well as director of German-Chilean Cultural Institute in Chile until 1973; One of 13 people arrested and subsequently disappeared in November/December 1976.

Fernando Alfrede Navarro Allende—aged 49 and married with three children; train driver and national leader of CUT (Chilean Trade Union Central); also leader of the Watt Federation of Santiago. One of 13 people arrested and subsequently disappeared in November/December 1976.

Armando Portilla Portilla—aged 50 and married with three children; machine operator and ex-trade union leader (shop steward) at ENDESA (National Electric Company); at the time of the coup in 1973 he was head of industrial relations at Cobpesal. One of 13 people detained in November 1976 and subsequently disappeared.

Valdivia Cases.—forestry workers; workers on the nationalized forestry complex Panguipuilli, province of Valdivia; all accused of an assault on a rural police station soon after the September 1973 coup; sentenced to between 3–15 years in October 1976. The following are all *investigation* cases:

Sergio Sigisfredo Amoyante Amollao*
Dionisio Bonifacio Baeza Cabrera*
Jose Sebastian Beltran Munoz*
German Boza Paillamilla*
Bene Eduardo Bravo Aguilera*
Jose Hilario Burgos Figueroa*
Juan Segundo Burgos Figueroa*
Celso Antonio Campos Insunza*

Segundo Miguel Candia Poblete*
Ramon Segundo Cousino Arias*
Guido Octavio De La Fuente Martinez*
Jorge Enrique Dufan Delgado*
Mario Eugenio Fuentealea Cardenas*
Prospero del Carmen Guzman Soto*
Benedicto Lagos Lemun*
Oscar Paul LLanquel Huentrutripay*
Jorge LLeufuman Catripan*
Juan Manquerillan LLeufuman*
Jose Eugenio Monsalve Sandoval*
Juan Angel Ojeda Aguayo*
Juan Pezo Jara*
Ramon Segundo Pezo Jara*
Jose Toloza Sanchez*
Teodosio Genaro Vasquez Bustos*

Cuba

A number of trade unionists were sentenced to long terms of imprisonment after the Cuban revolution in 1959. Although many had supported Fidel Castro and taken part in the revolution, they later opposed the imposition of left-wing political control of trade unions. They were formally charged with 'counter-revolutionary crimes', 'offenses against state security' and similar political crimes. But it seems probable that their trade union activities were a major factor in their arrest.

The names listed here featured in Amnesty International's last list of *"Trade Unionists in Prison"* published in November 1976.

Since that time, Amnesty International has received no further information concerning their cases, but there has also been no indication that any of them have been released. No further information concerning other possible trade unionists held in detention in Cuba has been received.

Pedro Forcada—general secretary of the National Federation of the Industrial Chemists, part of the Confederation of Workers of Revolutionary Cuba; sentenced to 20 years' imprisonment.

Reynel Gonzalez—foreign relations secretary of the *Confederacion de Trabajadores de Cuba Revolucionaria* (Confederation of Workers of Revolutionary Cuba): sentenced to 30 years' imprisonment; formerly a member of the national committee of the 26 July Labour Movement, and of the National Labour Front in Camaguay Province.

Heriberto Hernandez—general secretary of the *Confederacion de Trabajadores de Cuba Revolucionaria* (see above) in Camaquay Province; sentenced to 30 years' imprisonment; formerly general secretary of the 26 July Labour Movement, and of the National Labour Front in Camaguay Province.

Henry Martinez Lopez—National leader of the National Federation of the Telephone Workers of the *Confederacion de Trabajadores de Cuba Revolucionaria* (see above), and of the telephone sector of the 26 July Labour Movement: sentenced to 20 years' imprisonment.

Arturo Martinez Pagalday—organizing secretary of the Union of Commercial Workers of the Province of Havana; formerly prominent in commercial sector of the 26 July Labour Movement and of (anti Batista) National Labour Front; sentenced to 30 years' imprisonment.

India

Trade unionists were among the many opposition groups imprisoned in India under emergency legislation which the government imposed in June 1975. However, following elections held in March this year, in which the ruling Congress Party was defeated by the united opposition party, *Janata*, it is reported that nearly all political detainees have been released.

Indonesia

When the Indonesian Communist Party (PKI) was proscribed in 1965, many trade unionists were arrested on suspicion of being communists and thereby involved in some way in the attempted coup of that year. Because PKI-controlled

labour organizations had been extremely successful in recruiting members—for example, more than 60% of workers belonged to *Sentral Organisasi Buruh Seluruh Indonesia* (SOBSI), the communist federation of trade unions—large numbers of ordinary union members and their leaders have remained for more than 11 years in detention because of their trade union activities in organizations associated with PKI.

Although leading members of SOBSI, its affiliated unions, and *Barisan Tani Indonesia* (Peasants' Union) also belonged to the PKI, many unionists who were not PKI members were arrested, and they can justifiably claim that their detention is based solely on their union activities. Prison conditions are, in general, very bad with overcrowding and insufficient food.

None of the prisoners listed below has been tried unless indicated in the text.

Sri Ambar—head of the women's section of SOBSI; an active trade unionist since the early 1950s; arrested in 1966; severely tortured during interrogation; tried in 1975 and found guilty of subversion and attempting to restore the left-wing movement; sentenced to 15 years' imprisonment.

Mrs. Atikah—textile worker and member of S. S. Textile, a trade union affiliated to SOBSI; arrested 1967; held at Plantungan Women's Detention Camp, near Semarang.

Mrs. Dahliar—member of parliament representing *Barisan Tani Indonesia* (Peasants' Union); arrested 1965; held at Plantungan Women's Detention Camp, near Semarang.

Darsono—trade unionist from Palembang, Sumatra; arrested in late 1960s; now on Buru Island Detention Camp; married with seven children.

Gunati—wife and 4 children from Jogjakarta. Worked in irrigation and a trade unionist. Arrested between 1965 and 1969 on a blanket charge of involvement in 1965 coup. Detained at Buru prison.

Tutuk Hardjito—technician and member of technicians' trade union affiliated to SOBSI; arrested 1968; held at Buru Island Detention Camp.

Sjamsul Hadi Kastari—elected member of the presidium of SOBSI National Council and representative of trade union movement in Provisional People's Deliberative Assembly; arrested 1965.

Mrs. Kartina Kurdi—parliamentarian and political organizer of *Barisan Tani Indonesia* (Peasants' Union); leading member of CERVANT, a leftwing women's organization; arrested 1965; held at Bukit Duri Women's Prison in Jakarta.

Mrs. Otjik—employed at a textile factory of Jakarta and member of a textile union affiliated to SOBSI; arrested in 1967 or 1968; now detained in Plantungan Women's Detention Camp.

P. Pukwopramajo—assistant clerk and member of a trade union affiliated to SOBSI; arrested in late 1965 and detained at Nusakembangan.

Ferdinand Runturtambi—member of parliament; senior official of SOBSI; acting in the international labour movement; arrested probably 1965; held at Buru Island Detention Camp.

Sutijah—member of Postal and Telecommunications Workers' Union; arrested May 1969; detained in Plantungan; she is aged about 30.

Miss Serijami—teacher, member of PGRI-NV leftwing Teachers' Union; arrested 1965; detained at Plantungan Women's Detention Camp.

Richard Paingot Situmeang—member of parliament for PKI; member of SOBSI Presidium; arrested 1965; held at Buru Island Detention Camp; he has eight children.

Sudarjono—leading organizer of *Serikat Buruh Perdjaan Umum* (Public Works Employees' Union) affiliated to SOBSI; arrested 1965; held at Salemba Prison in Jakarta.

Sudarno Heru—member of the administrative committee of the Trades Unions International of Workers of the Building, Wood and Building Materials Industries; arrested some time before 1968; place of detention unknown.

Sudojo—organizer of Serikat Buruh Cula (Sugar Workers' Union); member of Parliament for PKI; arrested 1965; held either at Salemba Prison in Jakarta or Buru Island Detention Camp.

Sri Suharti—lawyer; active in *Serbaud* (Trade Union of Civil Aviation Employees) affiliated to SOBSI; arrested 1969 because of her trade union work; held at Bukit Duri Women's Prison in Jakarta; her husband is also in prison; they have five children.

Sulaiman—teacher and member of a teachers' trade union in Bandung; arrested

in 1967; held in Nusakembangan, Central Java; his wife lives in Bandung; they have four children.

Professor Suprapto—member of parliament, practicing lawyer and professor of law; active in defending legal rights of peasants and workers; leading part in forming several trade unions; member of SOBSI; arrested 1965; held at Buru Island Detention Camp.

Sri Widjajanati—member of Postal and Telecommunication Workers' Union; arrested in 1968 or 1969; detained in Plantungan Women's Detention Camp; she is in her mid-20s and has one child.

Mali

These Malian trade unionists were arrested in November 1968 along with many other members and supporters of the previous regime immediately after the overthrow of Modibo Keita's government. The detainees are said to be held in Kidal Prison, NE Mali. Some of the are in very poor health as a result of their long detention in poor conditions. They have been held without charge or trial since 1968 for political reasons, i.e., they were supporters of the former government of President Keita.

Bengoro Coulibaly—member of the youth organization of the Union Soudanaise du Passemblement Democratique Africain (PDA).

Mamadou Diarrah—aged 57; railway employee and former party and union official.

Kaniba Pleah—doctor, former ambassador to the People's Republic of China and former union employee.

Sounkalo Traore—former employee at *Office du Niger* and former union employee.

Amadou Traore—former director of the state bookshop and union employee.

Morocco

Berradi Mohamed Ben Ahmed—aged 46; member of the Union Marocaine due Travail; arrested 12 June 1973 and charged with aiding an armed band and failing to report them to authorities; held for a year in a secret place of detention where he was reportedly subjected to severe torture; his trial was originally set for October 1975 but postponed until July 1976 when he was sentenced to 4 years' imprisonment which he is now serving in the *Prison Civile Ain Ali Moumen* near Settat. Although the charges brought against him and a number of other people arrested at the same time relate to the unrest in Morocco early in 1973, there is reason to believe that the arrests were motivated by the defendants' political affiliations and union activities.

Anis Balafreij—aged 31; founder member of the National Union of Moroccan Engineers; arrested, along with 19 others, in June or July 1972 and detained without trial at the *Prison Civile* in Casablanca; allegedly tortured during this period of detention; brought to trial in August 1973 on charges of plotting against the internal security of the state; sentenced to 15 years' imprisonment, which he is now serving in the *Prison Civile de Kenitra;* Anis Balafreij is in a generally poor state of health and is suffering from an ulcer which was aggravated by a hunger strike in November 1975 to demand an improvement in prison conditions.

Nicaragua

The following two trade union leaders belong to the CGT–I—*Central General de Trabajadores—Independiente* (Independent General Workers Confederation) which together with the other major labour federation CNT—*Central de Trabajadores de Nicaragua* (Nicaraguan Workers Confederation), and a number of political groups ranging from far left to conservative, make up the legal opposition coalition UDEL—*Union Democratica de Liberacion* (Democratic Liberation Union).

They were arrested in early January 1977 on their return to Nicaragua from abroad. They were reported as being held *incommunicado* in mid-January 1977. Both have previously suffered repeated prison sentences for relatively short periods of time as a result of their trade union activities. There is a clear pattern in Nicaragua of the detention of relatively "low-level" political and trade union activists on the authority of the Police Courts which can summarily sentence prisoners to up to six months imprisonment. In many instances, prisoners

said by the authorities to have been tried and sentenced have stated that they were never brought before a judge. It is therefore probable that these prisoners will be held on the authority of a Police Court without the possibility of a fair trial with a right to defense.

Although they have not yet been formally charged their detention is clearly as a result of their activities within the legitimate role of the trade union movement and peaceful political opposition in Nicaragua.

Gonzalo Navarro Marin—a leader of the CGT–I—*Central General de Trabajadores—Independiente* (Independent General Workers Confederation). Possibly detained in the *Carcel de la Policia*, Managua.

Carlos Salgado Membreno—a leader of the CGT–I—*Central General de Trabajadores—Independiente* (Independent General Workers Confederation). Possibly detained in the *Carcel de la Policia*, Managua.

Pakistan

Mohammed Akram*—labour leader working at the Dawood Cotton Mills, Karachi; took a leading role during labour disputes in October 1972 around Karachi, as a result of which warrants for his arrest were issued and he went underground; arrested finally in October 1974, released in October 1975 but re-arrested in March 1976; he was detained in Karachi Central Jail under Sind Crimes Control Act. Released again in August 1976 and re-arrested around November 1976; is presumably again in Karachi Central Jail.

Peru

Centromin Cases—At the end of October 1976 proceedings were opened in the Military Court of the Second Police Judicial Zone (*Segunda Zona Judicial de Policia—Tribunal Militar*) against a group of miners belonging to the Miners' Union (*Federacion de Trabajadores de CENTROMIN*). They were accused of "disturbing the public order, creating a climate of unrest in the workplace and promoting strikes to block greater production"). They were arrested in mid-August 1976 and most are in poor health due to hunger strike. They are all held in the Imrigaucho Prison, Lima, Peru.

Pascual Huarine Q.
Miguel Linares E.
Marcelo Malima Palacios.
Juan Palpa G.
Augusto Ricaldi.
Javier Ricaldi R.
Antonio Rivera Collachagna.
Lorenzo Sarria Bueno.
Tomas Vilcapoma.
Jaime Garcia A.

The following Centromin mineworkers were detained in September 1976; they are held without formal charges; it is not known whether these prisoners were leaders of the trade union.

Bernal Donato.
Cordoba Francisco.
Teodoro Huaripayta.
Marcial Limaylla.
Isaias Rosas.
Lorenzo Sarria.
Ruben Villar.

Victor Diaz Arcelles—leader of the mine workers union, *Federacion de Trabajadores de CENTROIM*, of the state owned mining corporation *CENTROMIN*, also member of national executive of the Class-based Committee of Trade Union Coordination and Unification (CCUSC, *Comite de Coordinacion y Unificacion Sindical Clasista*). Detained in September 1976; place of detention unknown. Not formally charged.

Federacion de Pescadores Del Peru Cases—Cases of members of this union, the Fishermen's Union (FPP) have been taken up as *investigation* cases. The arrests following the declaration of a strike by the union after the government's decree that the fishing industry, nationalized under the state corporation PESCAPERU, would be returned to private enterprise.

Luis Arce Cornejo.
Marcos Bejarno.

Carlos Blas.
Hugo Calban.
Gonzalo Niquen.
Claudio Nizama.
Abelardo Ojeda.
Jaime Sussoni.

Sider Peru Cases—Iron and steel plant workers of the Sider Peru Trade Union (Sindicato de Obreros de Sider Peru). Sider Peru is the state owned steel corporation. All arrested on 3rd November 1976 at Chimbote in connection with plans to carry out a strike on 4th November in support of the strike then in progress by members of the Fishermen's Union, who were protesting the denationalization of the fishing fleet (Chimbote is Peru's principal fishing port). First detained in the offices of the State Security at Trujillo, and now transferred to Lima they have been in arbitrary detention without being formally charged for more than three months. Peru has been under a State of Emergency since July 1976 which is renewed every 30 days.

Marcial Avalos.
Pedro Betancourt.
Hermes Carbajal.
Manual Cardoso Urbina.
Humber[illegible]arrillo.
Ruben Chang.
Manuel Cortez Fernandez.
Hipolito Distra O.
Luis Hera.
Juan Holguin.
Pablo Huamani A.
Tito Hurtado.
German Montoya A.
Jesus Orbegoso.
Julio Oquena.
Miguel Reyes.
Edgar Rodriguez.
Juan Julio Salens Vergara.
Ing. Braulio Tello.
Alemandro Tirado.
Alejandro Vilca.
Ing. Leonidas Yauri.

SUTEP Cases.—A group of teachers, members of the Teachers' Union SUTEP (*Sindicato Unico de Trabajadores de la Educacion del Peru*). Following a call for a 24-hour strike in 1973 more than 100 members of the union were arrested. Since then SUTEP members have been active in criticizing the government and have been consistently harrassed. Current arrests are significant in that the secretary generals of branches in most parts of Peru have been singled out for detention. Arrests occurred in August and September 1976.

Abraham Calla Peredes—SUTEP member.
Camilo Gil Garcia—SUTEP Secretary of Organization for region VIII.
Oswald Gutieprez—SUTEP member.
Carlos Mandros Gallardo—SUTEP member.
Moises Marroquin—SUTEP member.
Jorge Martinez Oblitas—SUTEP member.
Oswaldo Pimental—SUTEP member, Puno Department.
Cristobal Rojas—SUTEP member Arequipa Department.
Maximo Tiliallauro—SUTEP member.
Jose Valdivia—SUTEP member.
Isaac Vianchi Q.—SUTEP Secretary General for region VIII.
Victor Yupanoui—SUTEP Secretary General for region II.
Nicolas Zambrano Chavez—SUTEP member.
Amilcar Zapana—SUTEP member.
Blanca Zegarra—SUTEP member Cajamarca Department.

The following trade unionists are individual cases:

Perico Colchado Chinchay—readopted by Amnesty in December 1976 following his arrest in October 1976 in Chimbote. Fisherman and secretary general of the Trade Union of Fisherworkers (*Sindicato Unico de Trabajadores Pesquero de Chimbote*). On previous detention he suffered from a severe bronchial infection.

The following cases to not belong to any of the groups mentioned above:

Jose Alberto Figueroa Parraguez—aged 26; an employee of the firm *Moravaco* in Lima. Secretary general of the employees' Trade Union (Sindicato Empleados Moravaco). Charged with being a labour agitator and of subverting the patriotic symbols, by Military Court.

Andres Huguet Polo—aged 28; an anthropologist and trade union leader of the teachers' union in the private university "*Inca Garcilaso de la Vega*". Arrested on 15 October 1976 in Lima; charged with "insulting the nation" by Military Court.

Roberto Romero—aged 26; arrested on 15 October 1976 in Lima; not formally charged but accused of "activities as agitator"; held at the Centro de Inculpados de Lurigancho, Lima, Peru. Mechanic with Olivetti and member of CCUSC—*Comite de Coordinacion y Unificacion Sindical Clasista.*

Teodoro Valdivia—aged 34 and married with 5 children. Worker, secretary general of two unions in Arequipa; organization secretary of the Departmental Workers Federation in Arequipa (most important provincial workers federation in Peru). Arrested 17 November 1976 at place of work. Not formally charged but accused of organizing support for the fishermen's strike which began 18 October 1976 and also of undermining state security. Detained at *Centro Penal de Lurigancho*, Lima, Peru.

Philippines

Alex Boncayao—worker at Solid Mills and president of the PWU–FFW trade union in the factory; arrested following a strike at Solid Mills in May 1976; detained in Bicutan Rehabilitation Centre, Rizal.

Romeo Dorotan—arrested in Baguio City on 3 July 1976 while attending a national labour seminar organized by the Federation of Free Workers of which he is a member. He is a clerk in Borkenshire Memorial Hospital, Davao City. Wife and young baby live in Davao City.

Oscar Reyes—factory worker at Solid Mills. In May 1976 workers at Solid Mills went on strike and following this action 200 of them were arrested. Those alleged to have been ringleaders of the strike are still detained. Oscar Reyes is detained in Bicutan Rehabilitation Centre, Rizal.

Rhodesia

These prisoners are all trade unionists. However, as they were also probably closely involved with nationalist politics in Rhodesia, it is difficult to assess how far their detention is the direct result of their trade union work. All are detained without charge or trial under the Emergency Powers (Maintenance of Law and Order) Regulations.

James Bernard Chatague—branch organizer of Rhodesian Commercial and Allied Workers' Union; arrested 1964; detained in Gwelo Prison; his parents, aunt and sister's three children are dependent upon him.

Leonard Kaseke—Petrol & Oil Storage Distributive Workers Union; detained from 1965–1974; re-detained 1976; held at Wha Wha Detention Camp, Gwelo.

Ronald Kaviza—United Textile Workers Union; detained 1974; held at Wha Wha Detention Camp, Gwelo.

John Mabena—Commercial Workers Union; detained from 1965–1970; re-detained 1973; held at Wha Wha Detention Camp, Gwelo.

Misheck Mackhena—Motor Trade Workers Union; detained 1964; held at Salisbury Remand & Holding Prison.

Sidney Malunga—general secretary of National Association of Free Unions; general secretary and national organizer of Rhodesian Commercial and Allied Workers Union; arrested August/September 1973; detained in Wha Wha Detention Camp, Gwelo.

David Mbidzo—Transport Workers Union; detained from 1959–1961; from 1964–1970; re-detained 1973; held at Wha Wha Detention Camp, Gwelo.

Amos Mkwananzi—Commercial Workers Union; detained since 1964; held at Salisbury Remand & Holding Prison.

Canaan Moyo—United Building & Woodworkers Union; detained 1964–1974; re-detained 1976; held at Wha Wha Detention Camp, Gwelo.

Vote Moyo—Rhodesia Municipal Workers Union; held in detention from 1973–1975; re-detained 1976; held at Wha Wha Detention Camp, Gwelo.

Clark Mpofu—Rhodesia Municipal Workers Union; detained 1960; held at Wha Wha Detention Camp, Gwelo.

Tafirenyika Kwanjira—Commercial Workers Union; detained 1970; held at Gwelo Prison.

Luke Mkala—president of Agricultural and Plantation Workers Union; arrested August/September 1973.

Ben Taputsa—Tailors & Garment Workers Union; detained 1973; held at Wha Wha Detention Camp, Gwelo.

Assam Phiri—ex-committee member, Agricultural and Plantation Workers Union; arrested August/September 1973; detained in Wha Wha Detention Camp, Gwelo.

Norman Zikali—national organizer of United Building and Woodworkers Union; district treasurer, African National Council; arrested July 1973.

Shame Zvikeramba—Asbestos, Lime & Cement Workers Union; detained 1972; held at Gwelo Prison.

Singapore

Unions operate legally, but only within the limits set by the government-sponsored National Trade Union Congress.

Chong Ming Kee—organizing secretary of the *Singapore Amalgamated Trade Union;* arrested July 1966; deprived of citizenship under the Banishment Ordinance; held indefinitely in Queenstown Remand Prison indefinitely awaiting deportation.

Chua Kee Seng—aged about 36; assistant secretary of the *Singapore Commercial House and Factory Employees' Union* (now defunct); arrested October 1966; deprived of citizenship under the Banishment Ordinance; held indefinitely in Queenstown Remand Prison awaiting deportation.

Ho Toon Chin (alias HO Piao)—born 1938; former secretary of *Singapore Seamen's National Union* (now proscribed); arrested 2 February 1963 as *Barisan Sosialis* party member; detained without trial under Internal Security Act in Moon Crescent Detention Center.

Lee Tse Tong—born 1936; elected member of parliament for Bukit Timah constituency representing *Barisan Sosialis* party; former secretary of *Bus Workers' Union*; arrested 8 October 1963; released after *habeas corpus* action in 1967 and immediately re-arrested; deprived of citizenship under Banishment Ordinance; he refused deportation to China and is now detained indefinitely in Queenstown Remand Prison "awaiting deportation".

South Africa

The South Africans listed below are all trade unionists. All except one—who is held in detention—are "banned" under the provisions of the Internal Security Act. Under the terms of the "banning orders", which are imposed administratively by the Minister of Justice, a "banned" person is subjected to partial house arrest and other restrictions limiting freedom of movement, expression and association." No specific reason is given by the Minister for the imposition of a banning order, but it is clear that, in the cases of the persons listed below, the orders are intended to prevent trade unionists from continuing to participate in black trade union activities.

Following the outbreak of widespread civil and political unrest in South Africa in June 1976, many hundreds of people were detained or imprisoned under South Africa's draconian security legislation.

Detainees held under these laws, in particular the Internal Security Act of 1976 (which replaces the earlier suppression of Communism Act) and the Terrorism Act of 1967, may be held *incommunicado* for idefinite periods. A number of trade unionists were among those detained at this time. Although they were subsequently released, it is possible, because of the *incommunicado* provisions of these detention laws, and because the authorities need not reveal the names of those arrested, that many trade unionists may currently be held, unknown to AI, in South African jails. The list which follows therefore does not claim to be comprehensive. Other trade unionists, such as *Drake KOKA* (General Secretary of the Black Allied Workers' Union and already banned) are known to have fled South Africa in order to avoid detention.

Consistent allegations have been made concerning the torture of detainees held by the South African security police. At least 16 political detainees are known to have died while in police custody during 1976. They include *Luke MAZWEMBE*, trade unionist and a member of the Western Province *Workers'*

Advice Bureau. Arrested in Cape Town together with four other Bureau members on 2 September, Mazwembe died within two hours of being detained. The authorities allege that he hanged himself.

In November 1976 the South African government served banning orders on more than 20 trade unionists. Their situation vividly illustrates the difficulties and restraints under which African trade unions function in *apartheid* South Africa.

The following three trade unionists, all banned for 5 years in November 1976, are all associated with the *Urban Training Project* (UTP), an organization working as an advisory service to African trade unions in Johannesburg.

Loet Douwes-Dekker—Chairman of UTP; formerly associated with the *Trade Union Council of South Africa* (TUCSA), and with the *Transvaal Industrial Council* for the clothing industry; a member of the recently-formed *Institute of Industrial Relations*.

Eric Tyacke—Secretary of UTP since its foundation in 1971; a former general secretary of the *Engineering and Allied Workers' Union*, and the *Laundry and Dry Cleaning Workers Association;* left TUCSA in 1969 when the Council barred African trades unions.

Mrs. Jean Tyacke—UTP administrator.

The following eight banned trade unionists had all been associated with the Natal-based *Trade Union Advisory and Co-ordinating Council* (TUACC), or with the *Institute for Industrial Education* (IIE), a service organization for TUACC unions. All were banned for 5 years in November 1976.

Chris Albertyn—Secretary, *Textile Workers, Industrial Union*.

John Copelyn—Secretary of TUACC and of *Textile Workers Industrial Union*.

Pat Horn—Education officer for the IIE, running literacy projects for black workers.

Alpheus Mthetwa—General secretary since 1974 of *Metal and Allied Workers' Union* (MAWU).

Mrs. Jeanette Murphy—Former secretary of TUACC; has served a previous banning order which was lifted in May 1976.

Mike Murphy—*Acting Secretary, Transport and General Workers' Union*.

Mfundise Nplovu—Pietermaritzburg organizer for MAWU.

Charles Simpkins—former research officer for *Institute of Industrial Relations*.

The following eight people, all banned for five years in November 1976, all either work for, or are connected with the University of Cape Town Wages Commission, which has investigated conditions for African workers in South Africa.

Jeremy Baskin.
Graeme Bloch.
Debbie Budlender.
Judy Favish.
Willie Hofmeyer.
Mary Simons.
Tanya Simons.
Wilma Van Perk.

Gavin Anderson—organizer, MAWU Johannesburg; banned for five years in November 1976.

Jeanette Curtis—a former official of the *Industrial Aid Society*, an organization providing education and legal advice to workers; working at South African Institute of Race Relations at time of banning; banned for five years in November 1976.

Stephen Dhlamini—former President of *South African Confederation of Trade Unions*; initially arrested in 1963; a five-year banning order which expired in April 1975 was arbitrarily re-imposed to Dhlamini will remain in restriction in Natal until April 1980.

Sipho Kubheka*—Secretary of MAWU, Johannesburg.

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*Prior to their being served with banning orders, Gavin Anderson and Sipho Kubheka were both convicted in August 1976 under South Africa's Bantu Labour Relations and Industrial Conciliation Act. Their convictions followed incidents at a factory in Germiston during a strike by workers who were attempting to get management recognition for the Metal and Allied Workers Union in place of the existing government-sponsored liaison and works committees. They were sentenced to pay a fine or serve a period of imprisonment. Both men have appealed against the verdict.

Lilian Ngoyi—a former president both of the *Women's League* of the *African National Congress* (now a banned organization in South Africa) and of the *Federation of South African Women;* an employee in the garment trade, her work in these two organizations was largely concerned with labour organization for African women; her present five-year banning order was imposed in May 1975; prior to this banning order she experienced three years of freedom after having been continuously banned for 11 years up until November 1972.

Joe Tholoe—President of the *Union of Black Journalists*; detained under Section 6 of the Terrorism Act on 1 March 1977; reporter for black newspaper, The World; was previously held in detention for four months under the Internal Security Act before being released in December 1976.

Spain

In August 1976 all workers and trade unionists adopted by Amnesty International were released under the amnesty declared by King Juan Carlos.

Despite this measure the fundamental undemocratic aspects of the official trade union apparatus have not changed; all strikes are illegal, workers are forbidden to form their own unions and collective agreements must be negotiated by the vertically structured Sindicatos run by the State.

As a result of the one-day general strike on 12 November 1976 called by the 'Illegal' Workers Commission (*Comisiones Obreras*), the Socialist Work Union (*Union Sindical Obrera*) in protest at the economic measures announced by the government 400 workers were arrested. Since then there have been similar incidents throughout the country.

Most arrests of trade unionists have been short-term, sometimes only lasting a matter of hours. This does not give sufficient time for the classic "adoption" technique pioneered by Amnesty International to operate.

Thailand

Arom Pongpangan*—aged about 30; married with two sons; well known trade unionist arrested on 14 October 1976 at his home. Untried, but charges against him could lead to the death penalty if he is found guilty.

Sunyalak Eamprakun—Before her arrest shortly after 6 October 1976 Sunyalak worked in the Highway Department in Bangkok. She was actively involved in political and trade union work and participated in protests against the minimum wage law. Administrative member of the Labour Union Council of Thailand, she was arrested and accused of being a "threat to society". Now detained in Kong 6 of the Special Branch in Bangkok.

Suvit Prayunsak*—clerk in Publications Department of the Ministry of Education and trade unionist. Aged 28, he was arrested on 14 October 1976 and held under blanket charge of "threat to national security" until formal charges were made against him in January 1977. He is held in Kong (Division) 6 of Special Branch in Bangkok. The charges against Suvit could lead to the death penalty if he is found guilty by a court.

Thongsuk Supati—textile worker, he was one of the founder members of the Employee Association and the Textile Workers' Union at Ormnoi near Bangkok. He is married with four children. He was arrested in early October 1976 and accused of being a "threat to society" following a coup in Thailand. It is believed his wife and children are suffering serious hardship following his detention.

Tunisia

Tahar Gasmi—aged 27; assistant teacher and an official of the Teachers' Union in Kef; arrested in March 1975 along with many others who had taken part in a series of strikes in January 1975; the suspects were held at police stations for prolonged interrogations and incidents of torture were reportedly frequent and brutal. Tahar Gasmi's health is now poor, probably due to torture; tried in September 1975 on charges of plotting against the security of the state, spreading false information, criticizing the head of state and incitement to rebellion; sentenced to 2 years' imprisonment; detained at the Prison Civile de Kasserine.

*Names marked with an asterisk are not yet adopted as prisoners of conscience but are under investigation.

Uruguay

Since 1973, when the main trade union organization, the CNT—*Convencion Nacional de Trabajadores* (National Workers Convention—the main trade union organization grouping 90% of organized labour) was banned, many of its leading members have been arrested and others have gone underground.

At first, the majority of detained trade unionists did not normally go through any legal process, but were held in preventive detention. Such arrests were numerous but the period of detention was comparatively short, ranging from a few weeks to a few months. Up to the beginning of 1974, most of these prisoners were not maltreated. Later however, torture became more commonly used also against persons held as a result of peaceful trade union activities.

The large scale arrests of 1975 and 1976 have included large numbers of trade unionists, many of whom have been committed for trial by military tribunals. Most of these prisoners have undergone torture while held *incommunicado* following their arrest by the security forces. The following cases who are under adoption or investigation by Amnesty International represent only a few out of a large number of trade unionists currently being held in detention in Uruguay. The ILO (Internationail Labour Organization) has requested the Uruguayan government to explain the imprisonment of various trade unionists and to normalize the situation of the trade unions in accordance with ILO conventions.

Carlos Raul Astellano Del Rio*—primary school teacher; aged 29; arrested at the end of March 1973; charged with "subversive activities".

Beltran Camilo*—detained in February 1975 with other members of the meat-packing union in Las Piedras, Canelones, following a meeting in the town square which was held to discuss family allowance pay. The other members arrested with him were released several months later. Aged 48; married with 3 children. Detained in *Penal de Punta Carretas.*

Carlos Ignacio Fassano Mertens—ex-bank employee, journalist and trade unionist; married with 2 children; arrested 5 January 1974; detained in *Penal de Punta Carretas.*

Alfredo Gadino—primary school teacher and leader of the Teachers' Union. Aged 42; married with 2 children. Arrested in December 1975; charged with "illicit association".

Maria Teresa Maiorana Gonzalez—factory worker at Fabrica Phuasa where she organized "unauthorized trade union activities". Aged 41; detained on 29 November 1974; charged with "assisting subversive association".

Rosario Pietroroia*—metallurgical worker; leader of the *Sindicato de Trabajadores Metalurgicos* (Metallurgical Workers Trade Union); arrested 10 February 1976.

Hector Pio Rodriguez da Silva*—journalist; editor of *Respuesta* and the leader of the textile workers union; aged 59; detained in *Penal de Punta Carretas*; has endocrinological problems; married with 2 children.

Enrique Vicente Rubio Bruno—professor of history and trade unionist; aged 33. Detained in *Penal de Punta Carretas.* Married with 2 children.

Pedro Toledo—railway worker and chairman of the Railway Workers Union (*presidente de la Union Ferroviaria*). Aged 47; married with 3 children. Arrested after 14 September 1975. Detained in *Batallon de Infanteria No. 1.*

Ricardo Tarcisio Vilaro Sanguinetti*—teacher and leading member of the CNT; aged 36. Detained in *Penal de Punta Carretas;* charged with "Subversive association". Married with 3 children.

Rogelio Zorron*—a leader of the CNT and member of the *Usinas y Telefonos del Estado* Union (National Electricity and Telephones Union). Detained in March 1974, released and re-arrested on 4 February 1976; he is charged with "subversive association". He is in poor health, has lost a lot of weight in detention and is deprived of the use of his spectacles which he needs.

The following group of detained trade unionists are all members of the Dockworkers Union SUANP (*Sindicato Unico de la Administracion Nacional de Puertos*). All of them are workers and employees of the docks. They were all arrested together shortly after 26 September 1975 and held *incommunicado* at the *Prefectura Nacional Naval* in Montevideo till 17 January 1976 when the Combined Forces (Armed Forces and Police) in an official communique announced that they had been committed for trial the day before on charges of "illicit association" and "conspiracy" which carry penalties of between 6-24 years imprisonment.

Daniel Aldacete Pintos—dockworker; aged 30.

Roque Alvariza Sanchez—dockworker and treasurer of the dockworkers union SUANP; aged 47.

Friedrich Constancio Britos Criado—dockworker; aged 32.

Juan Felipe Gomez—employee of the docks and president of the dockworkers union SUANP; aged 43.

Julio Cesar Quinteros—dockworker and a leader of the dockworkers union SUANP; aged 41.

Humberto Santos Rodriguez Cabrera—dockworker and secretary general of the dockworkers union SUANP; aged 40.

The following group of 24 detained trade unionsts are all workers of UTE (*Usinas y Transmisiones Electricas*)—Electrical Power Stations and Transmissions and ANTEL (*Administracion Nacional de Telecommunicaciones*)—National Telecommunications Network and members of the AUTE union which is supported by all UTE and ANTEL workers, who were arrested from October 1975 onwards. Their families only located them after two or more months of searching for them in all the police stations, and units of the army, navy, and air force. Some of them could not be located for ten months after their arrest. During all of this time they had been held *incommunicado*, were kept hooded for 24 hours and were not permitted to have any exercise, receive food from their families, receive and write letters, smoke or to do any kind of manual work, nor to read. They have all been committed for trial by military courts and are faced with possible penalties of up to 18 years imprisonment.

Ademar Arballo—stoker at Batlle power station; aged 50; married with 3 children. Detained in the *Regimiento de Artilleria No. 5.*

Eugenio Bentaberry—guard at the Batlle power station; aged 52; married; detained in *Regimiento de Artilleria No. 5.*

Nelson Beltamio—stoker at the Batlle power station; aged 35; married with 2 children; detained in the *Regimiento de Artilleria No. 5.*

Roberto Calvette—machine operator at Batlle power station; aged 34; married with 3 children. Detained in the *Regimiento de Artilleria No. 5.*

Julio Camano—wireless operator at ANTEL; aged 40, unmarried.

Juan Carrasco—factory mechanic; aged 37; married with 2 children; detained in the *Fusileros Navales de la Armada* (Naval Detention Center).

Roberto Casanova—computer operator at ANTEL; aged 38; married with 2 children; detained in the *Fusileros Navales de la Armada* (Naval Detention Center).

Mirian Deus—city traffic controller; aged 28; married with a baby daughter; detained in the *Fusileros Navales de la Armada Nacional* (Naval Detention Center).

Medardo Doglio—office worker at Batlle power station; aged 52; married; detained in the *Fusileros de la Armada Nacional* (Naval Detention Center).

Daniel Ferreiro—office assistant at UTE; aged 24; unmarried; detained in San Jose Military Barracks.

Tomas Jonico—porter and messenger; aged 50; married with 1 child; detained in the *Regimiento de Artilleria No. 5.*

Juan Carols Mendez—factory foreman; aged 37; divorced with 1 child; detained in the *Regimiento de Artilleria No. 5.*

Pedro Pasarini—guard at the fuel depot of Batlle power station; aged 48; widower; detained in the *Fusileros de la Armada Nacional* (Naval Detention Center).

Mirian Patino—supervisor of traffic wardens; aged 40; married with 2 daughters. Detained in the *Fusileros Navales de la Armada Nacional* (Naval Detention Center).

Hugo Quintana—wireless operator at ANTEL; aged 42; married; detained in *Penal de Libertad.*

Celso Rodriguez—city traffic controller; aged 36; married with 1 child. Detained in the *Fusileros de la Armada Nacional* (Naval Detention Center).

Luis Santos—administrative worker in the head office of UTE; aged 36, married with 2 daughters. Detained in *Penal de Libertad.*

Ismael Sena and Alicia Rezanno de Sena (Husband and Wife)

Ismael Sena—aged 38 married with 2 children. Telephone engineer. He was dismissed after a conscription order in 1969, and arrested on 21 October 1975 in his home together with his wife Alicia Rezzano, an office worker employed by UTE. Both have been committed for trial by military justice on a charge of

"subversive association" which carries a penalty of between 6–18 years imprisonment. Ismael Sena is detained in the *Regimiento de Artilleria No. 5*. Alicia Rezzano is detained in Punta Rieles.

Carlos Segredo—stoker at Batlle power station; aged 35; married with 3 children. Detained in the *Regimiento de Artilleria No. 5*.

Julio Sprinetti—factory foreman; aged 38; married with 3 children. Detained in the *Fusileros de la Armada Nacional* (Naval Detention Center).

Wladimir Turiansky—chief engineer at the Batlle power station; president of the AUTE union. Vice-president of the CNT and former parliamentary deputy. Held in total *incommunicado* from October 1975–March 1976. Reported to have been interned in a serious state of health in the Military Hospital and had undergone surgery as a result of torture. Detained in the army barracks in Colonia. Aged 47; married with 1 child.

Ademar Vinales—computer operator; aged 34; unmarried; detained in the *Regimiento de Artilleria No. 5*.

Enrique Zarzuza—factory foreman; aged 45; unmarried.

RAPID GROWTH AND DEVELOPMENT OF NEW TECHNOLOGY

Mr. WATTS. I would like now to turn from human rights to a different aspect of international communications, the rapid growth and development of new technology. This rapid expansion has important implications for American trade policy, some of which you have heard about already.

Specifically, I would like to alert you today and warn the Congress that the increasing flow of telecommunications imports into the United States imperils the jobs of members of the Communications Workers of America and of members of many other labor organizations as well.

I wish that I could give you and the subcommittee a detailed, statistical analysis of the amount of foreign telecommunications equipment coming from Japan and European countries, that has entered the United States in recent years. We have tried to get information from the U.S. International Trade Commission on this matter, but some of it is classified, believe it or not, as "confidential," although we cannot understand why this should be regarded as an official secret.

Besides the "secrecy" label on some of the data, the information which is available is so difficult to interpret that a crying need now exists for improved U.S. statistics on these imports. It would appear that, at present, neither the U.S. Government nor interested unions, such as my own, nor industry, can obtain adequate statistics to sufficiently detail the scope of this importation.

A comprehensive, but clear, concise system of reporting on these imports is imperative.

Moreover, we are not even sure that the International Trade Commission defines "import" properly. The Oki, Hitachi, and Nippon Electric Co.'s of Japan have plants in the United States which assemble parts that are imported into this country. The assembled units then become "domestic production" and escape the scrutiny of the International Trade Commission on "imports." The ITC claims that 50 percent of the worth of the products is "value added" in the assembly process in our country, and therefore these are not imports.

This strikes us as a rather perverse form of "new math," which postulates the unusual hypothesis that the whole really is greater than the sum of its parts.

PROBE TELECOMMUNICATIONS IMPORTS

CWA feels strongly about the need to probe this murky area of telecommunications imports, so much so that we may initiate a freedom of information lawsuit to obtain a picture of the scope of this activity.

By contrast to these foreign manufacturers, at least one major manufacturer in the United States, the Western Electric Co.—I think perhaps America's largest domestic telecommunications producer—has been reluctant to enter the international telecommunications equipment market. Undoubtedly this reluctance relates to consent decrees that have been established in the past. We think, though, that Western Electric should offer its goods outside this country.

I might add, at this moment, though, as was reported a couple of days ago in "The Wall Street Journal," the Western Electric Co. has secured a $400 million contract with Saudi Arabia to construct a telecommunications transmission system. I suspect, though, that this was done possibly as a result of interest on the part of our own Government in their performing this particular function.

I would like to emphasize, incidentally, as I have discussed these issues in this fashion, that I am an internationalist, not a Hawley-Smoot protectionist. I would not harken back to those days. Because of this orientation, I believe that the solution to this part of the problem may be for the United States to provide for parity of treatment at the point of entry.

European nations and Japan do erect tariff and nontariff barriers to protect their domestic industries from competition from outside sources of supply. We say, "Why shouldn't such treatment be reciprocal? Why shouldn't this be a two-way street?"

U.S. EQUIPMENT COMPETITIVENESS IN INTERNATIONAL MARKETS

Senator McGovern. In that connection, President Watts, is it your judgment that our equipment is competitive in international markets if we get a fair break in terms of trade relationships?

Mr. Watts. I don't think there is any doubt of that. You have already heard testimony here this morning that much of the equipment that is exported actually has a lower price but is not competitive in the market to which it could be exported as a result of artificial restrictions that are introduced into the economies of other countries. That is why we say that free trade ought to be a two-way street. We would advocate free trade if it really existed, but we are convinced that it does not exist.

Incidentally, in the slack economy of recent years, we have experienced unprecedented layoffs in our industry. We find that the concept of job training is not the answer to the displacement of jobs in the telecommunications industry in America.

U.S. INTERNATIONAL COMMUNICATIONS POLICY MANAGEMENT

Perhaps it would be in the national interest for one of the committees of the Congress to assert some jurisdiction over this kind of problem. At present, the taxation committees of Congress are con-

cerned only with the revenue implications of import duties. The commerce committees are concerned with the flow of goods in the marketplace. The labor committees do not have jurisdiction because of the international scope of this kind of problem as it affects people, and as contrasted to other aspects of the economy.

I would hope that your committee would give serious consideration to the proposal that some element in Congress exert jurisdiction over the impact upon workers.

The need for a clear assignment of jurisdiction in the Congress on this matter is literally paralleled in the executive branch. We do not have a specific Government agency responsible for formulating American policy on international communications.

Reminiscent of the "shotgun" approach to energy policy of recent years, the management of international communications policy is divided in a crazy-quilt, piecemeal manner among the Federal Communications Commission, the Department of State, the Office of Telecommunications Policy in the Executive Office of the President, and the Office of Telecommunications in the Department of Commerce.

Although the FCC is not authorized under its enabling mandate, granted by Congress, to negotiate with representatives of foreign nations, its decisions with respect to the authorization of satellite and submarine cable construction and use can have a profound effect on American foreign policy.

In a similar way, the State Department is charged with the responsibility for engaging in negotiations with other nations concerning a wide range of communications issues, such as those arising in the World Administrative Radio Conference and the proposed international maritime satellite organization or INMARSTAD. State also instructs COMSAT on positions to be taken in Intelsat meetings as the result of a delegation of authority granted by the Congress.

The State Department is placed in a regulatory straitjacket, though, when it comes to authority over international carriers of telecommunications facilities.

Moreover, on Pennsylvania Avenue, nearly equidistant from the State Department and the FCC, the Office of Telecommunications Policy (OTP), located in the Executive Office of the President, was given the responsibility, under Executive Order 11556, for coordinating interdepartmental activities in the area of international communications. OTP, however, unlike the FCC or the State Department, simply serves as a "traffic cop," lacking any authority to negotiate on its own on behalf of the United States.

We need to take a serious look at ways of establishing a coordinated approach on the part of the various entities involved in overseeing international communications policy.

VALUE STRUCTURE VS. COMMUNICATIONS TECHNOLOGY

As a final thought, I believe that we should never forget that a strong relationship exists between a nation's value structure and the way it perceives the uses of communications technology. For, as the technological extension of man, communications media can serve as a conveyor belt of tremendous evil as well as a transmission system for the public welfare.

During the Nuremberg Trials, following World War II, former Nazi Armaments Minister, Albert Speer, spoke on how the Hitler Government had effectively employed the nation's communications media to shape life in Germany when he said:

> The telephone, the teleprinter and the wireless made it possible for orders from the highest levels to be given directly to the lowest levels where, on account of the absolute authority behind them, they were carried out uncritically.

As we leave our bicentennial era, we are also approaching the year 1984. Whether the world arrives, 7 years from now, at the doorstep of the Orwellian nightmare, or emerges into the light of a genuinely free international order, may, in part, depend upon our adherence to free and open international communications as a means of frustrating that dark dream of tomorrow.

Thank you very much.

Senator McGovern. Thank you very much, President Watts, for your testimony.

WITNESS

Our final witness today is Mr. Stanley Gewirtz, the vice president of public communications of Pan American World Airways.

Mr. Gewirtz, we are happy to welcome you to this committee.

Please proceed as you see fit.

STATEMENT OF STANLEY GEWIRTZ, VICE PRESIDENT, PUBLIC COMMUNICATIONS, PAN AMERICAN WORLD AIRWAYS, INC., NEW YORK, N.Y.

Mr. Gewirtz. Thank you, Mr. Chairman. I have submitted a statement for the record.

If I may, I would like to address myself, briefly, possibly to a more pertinent approach to the problem that you are addressing.

Senator McGovern. That will be fine. We will see that your prepared statement is made a part of the record of this hearing.

Mr. Gewirtz. Thank you, Mr. Chairman.

I think that we must, indeed that we should, accept the premise that international air transportation is an important asset of international communications. I will address myself to a couple of questions that are related pretty much to some of the same areas that have been discussed in connection with telecommunications: How does it work? Are there burdens? Is there a U.S. policy, and if so, how does it compare with foreign policies that relate to the same area?

RENEGOTIATION OF U.S./U.K. AIR TRANSPORT AGREEMENT

I think that, at the moment, there is going on in London the latest phase of the negotiations carried on in connection with the renegotiation of an air transport agreement between the United States and the United Kingdom [UK]. Actually, air transportation has worked pretty well in the world since 1945, a time when the United States and the United Kingdom—the United Kingdom under substantially different circumstances than exist today—negotiated what has been called the Bermuda Agreement. As a result of that agreement, which established a pattern for international air transport agreements, there

was easy commerce, so to speak, particularly when contrasted with some of the areas of communications, between about 90 nations of the world.

The British denounced that agreement last June 22, and there have been negotiations going on since then looking toward the consummation of a new agreement.

The British have always been quite understanding of the problems of world trade and world commerce, despite the fact that the British Empire has contracted, to a substantial extent, in this silver jubilee year of the Queen's reign. We are now engaged in trying to work out another agreement.

I think some of the reasons why the British denounced the agreement are important in terms of our understanding of this element of communication. They felt that they were not getting a good, fair share of the markets. They felt that, even though there had been some diminution of empire, there was still a necessity to maintain the links of communication, transport, and trade with the rest of the world, which still had some remaining segments of that empire.

It is important that an agreement be negotiated, not only from our point of view, but to a greater extent, I would judge, from the British point of view. It is also important from the point of view of the other agreements that are pending. This, again, will be the pattern. The Japanese are negotiating with us now somewhat gingerly, awaiting the results of these negotiations in London. The Italians, too, are awaiting the results.

FAIR COMPETITIVE PRACTICES ACT

We have discovered that, despite some of the friendly agreements over the years, we still suffer—not only Pan Am, but TWA [Trans World Airlines] and others that are involved in some phase of international air transportation—the burdens of restrictive, discriminatory, and unfair practices. You may recall, Mr. Chairman, that a couple of years ago Congress passed the Fair Competitive Practices Act in an effort to do something about this situation. Well, I think that Congress has done more than the administrations have done in that connection.

Some of those burdens are particularly oppressive. An example is that, in Italy, we suffer a monopoly operation that covers almost every phase of air transportation. We have no control over it. Those of you who have had the misfortune to go through the airport at Rome will have some conception of the extent to which we pay heavily through the nose and are given very poor service, indeed. We find ourselves in a number of countries in the world in which our dollars are blocked. India is a good example. We find ourselves paying outrageously for the right to land our airplane. Even in friendly Australia, every time we set a 747 down, we are paying better than $5,000, against substantially less than that here in the United States. We find that we cannot operate our 747's into Argentina because they just don't have any.

I think one of the problems has been that the conception of air transportation as a means of communication elsewhere in the world is much more simplistically regarded than we regard it here. First of all, they do not have the problems that we have. But that is a part of another

debate in other halls of the Senate, debate on regulatory reform. They don't have the problems of competition in the international field.

So, we don't find ourselves competing with more than one airline of any one country. The United Kingdom is, of course, a little bit different than that. They have some two or three lines, but nevertheless, they control them pretty carefully.

PARTIES TO BERMUDA AGREEMENT

Senator McGOVERN. Mr. Gewirtz, did that international air agreement that you referred to as the Bermuda agreement, under which we have been operating under the last 30 years, involve only the United States and Great Britain, or did it involve international carriers of other countries?

Mr. GEWIRTZ. No, Mr. Chairman. All of the agreements are bilateral, the U.S.-U.K. agreement, and the name "Bermuda" which attached to it, merely related to that agreement. But the "Bermuda" pattern has been used in connection with other air transport agreements, with very few exceptions.

INTERNATIONAL ARRANGEMENT CONSISTENT WITH ALL INTERNATIONAL CARRIERS

Senator McGOVERN. And we have negotiated those on a bilateral basis, is that right? Is there no international arrangement consistent with all international carriers?

Mr. GEWIRTZ. There is not. Back in 1945, prior to the Bermuda agreement, at the Chicago Convention, you may recall, there was an effort made to get a multilateral agreement. But that has never been done, and, I guess, in our lifetime it will never be done. We will have to, as we are doing now, renegotiate with the British, and that pattern will basically govern all of our other agreements which will all be negotiated separately.

U.N. EFFORT TO SET UNIFORM STANDARDS OF FLIGHT OPERATION

Senator McGOVERN. Isn't there an effort, through the United Nations, to set certain uniform standards of flight operation that relate to all airlines? Am I correct in that?

Mr. GEWIRTZ. Yes, you are. Actually, those go back to the Chicago Convention. But those address technical and safety issues, not economic ones.

Senator McGOVERN. I see. Thank you.

Mr. GEWIRTZ. So, we find ourselves constantly not only competing with a carrier that represents the government in question, but we find ourselves competing with much more carefully defined international air transport policies of individual nations.

I think, when you indicated that the United States not only did not have an overall international information and communications policy, and that, at the moment, there is no drive to develop one, we may be a little bit better off in the international air transport field. I would say that, probably since 1938, the time of the passage of the then Civil Aeronautics Act, now the Federal Aviation Act, there has been an international air transport policy for every administration. There

has been one most recently, a couple of years ago, for the Ford administration which, in many respects, is quite good. It needs some redefinition. We have to redefine it because it is terribly important in the world in which we live, with our United States competitive transport system, to try to figure out a little more intelligently how we can live on an international basis by competing with the individual systems of the nations of the world, with few exceptions. The presence of Americans and American business, the importance of air transportation, tourism, balance of payments, and exchange of cultures, and the exporting and importing of people, all require that we have a strong system. The system has been weakened over the years. Pan Am still represents about 50 percent of the U.S. flag system. There are still questions of the degree of competition that you have in the international field as contrasted with the domestic.

But I think there is need for the executive branch, with the help of the legislative branch of Government, to take another look. If air transportation is going to continue to be an important part of the U.S. communications system, it needs looking at, it needs redefining, and it needs a good deal of redelineation.

Thank you, Mr. Chairman.

[Mr. Gewirtz's prepared statement follows:]

PREPARED STATEMENT OF STANLEY GEWIRTZ

INTERNATIONAL AIR TRANSPORTATION AND INTERNATIONAL COMMUNICATIONS

The perception of the U.S. international air transport system as a national communications asset provides several interesting observations:

(1) An insight into the complexity and function of an international route structure.

(2) An appreciation of the commercial, culture and political interchange of a world-wide transportation system.

(3) A realization of the way foreign nations view U.S. commercial enterprise.

(4) A recognition of the vulnerability of private enterprise as the flag transport system operator.

(5) A new awareness of the need for a revitalized national air transport policy with a focus on priorities and objectives.

A route structure 50 years old—at least in origins—is a rare vintage asset. The U.S. scheduled flag structure's lines cross virtually every continent in the world, except Antartica and Greenland for the moment. Pan Am is a true multinational corporation and it provides some unique opportunities for commercial and cultural interchange. The obvious travel product moves goods and people in a constant flow virtually the world round. But the corporate system that produces this transportation miracle is itself a major communications asset. I'm not speaking of the thousands of miles of communications lines, the world-wide net that was the backbone of the U.S. military effort in World War II. Nor do I refer to the international investment colussus that spawned the Pan Am system. The house that Juan Trippe built is well enough known by now.

Every day 6,000 foreign nationals, more than 20 percent of our total workforce, go to work in their own homelands. As full fledged employees of a private corporation, we are employing on local payrolls people in the Soviet Union, Poland, South Africa and Kenya, in Hong Kong, Djakarta, Sydney, and Soho. They train and travel in each others' countries as well as the U.S. They speak each others' languages, as well as English; their identity with the Company is well established and their loyalty and performance during the financial crisis of the past few years has welded even firmer bonds across frontiers, oceans, races and ideologies.

The system links Black Africa with its antagonists in white South Africa—a tenuous link albeit, but the produce and manufactures of Cape Town and Pretoria can be bought in the shops of Kinshasa, Dakar, Abidjan and Nairobi. We link the black cities of French speaking West Africa with the former English

colonies in the East and we have given technical assistance—at one time or another—to new-born flag carriers in Guinea, Liberia and Zaire.

The "North-South" dialogue began at Pan Am in 1927 and that was the axis upon which the Company's commercial success was first made. Latin America, like Africa, remains a key element in the flag system.

"East-West" links from Moscow, Prague, Budapest, Bucharest and Belgrade have placed non-subsidized U.S. private enterprise behind the Iron Curtain. The Internal German Service links occupied Berlin with the other capitals of Europe as well as West Germany.

Yet throughout the system U.S. carriers compete against subsidized and protected foreign carriers. There is precious little in the way of overt U.S. government support. Abusive user charges for airways and airports, schedule restrictions, arbitrary capacity limitations and unscrupulous rebate practices are daily events. The Fair Competitive Practices Act was passed in 1974 to counter these unfair competitive disadvantages but the act is woefully lacking in enforcement procedures. Our defense in extreme cases where traffic is already thin is *suspension* and that is tantamount to the failure of the system. Subsidy is the last resort but, were it available, it is still not the answer. The burden of routes with commercial potential not fully matured is a routine business overhead, assuming a financially healthy carrier in a fair competitive environment. The proper scenario—in the manner of Arthur D. Little—features independent private enterprise supported by an enlightened U.S. international aviation administration whose sole function is to police the process. The carriers are obliged to provide safe, dependable, convenient air transport at a fair price with reasonable expectations that the calculated risk of their investment will yield sufficient traffic to provide a reasonable rate of return.

There is a U.S. International Transport Policy which needs further definition. Its basic ingredients are:

(1) Recognition of the basic differences between domestic and international air transport. The need for increased domestic competition cannot be translated to the international arena where something akin to economic warfare between flags often flourishes.

(2) Optimum utilization of the scheduled system and the wide body technology. The arbitrary distinctions between service classes and certificate authorities frustrate the demand for operational economies. Charter transfer and domestic fill-up rights will utilize unused capacity.

(3) Enforcement of fair competitive standards by reciprocal action, if necessary.

SUMMARY

A strong U.S. flag system is a major element in the U.S. communications link to the world.

Tourism, trade, business travel and investment are only the more obvious products.

Jobs, export of U.S. business and management techniques, the interchange of employees in a common U.S. company and significant U.S. investment are communication instruments themselves.

The presence of Americans and American business institutions abroad constitute a major line of communications.

The U.S. international route structure is a major national asset even though it was built and is operated by private corporations. Timely action is necessary to preserve its integrity unless we are to lose all but the commercial value of the most lucrative routes.

Pan Am considers Senator McGovern's call for a comprehensive international communications policy to include the air transport network. We can do no better than to echo his question: "Must there be an international crisis to get the U.S. to act on information resources?" That crisis is looming now as the U.K. denunciation of the original Bermuda air service agreement reflects the weakened position of the flag system that built international air service.

Senator McGOVERN. Thank you, gentlemen, for your testimony.

This is the final day of this series of hearings on communications problems.

COMMUNICATIONS ISSUES PRIORITY

During the preparation of these hearings, I was struck by the fact that we came across a conclusion in the telecommunications office over in the Commerce Department that, if you define information and communications broadly enough to include the whole educational sector, the entire telecommunications industry, the media, the exchange of financial information, and so on, it adds up to an enormous part of our gross national product—GNP. Some say as much as 50 percent is involved in those things I have just mentioned.

That being the case, I wonder if any one of the witnesses would like to comment on whether we need to elevate this as a priority matter in terms of American foreign policy determination. For example, we have been very much concerned about securing our sources of oil and making sure that the flow of energy continues. That has obviously been a matter of deep concern to our foreign policy planners.

Do you think, as a general observation, that we need to increase the priority, in the sense of urgency, that we bring to these communications issues?

I would be glad to hear anyone's comment on that.

Mr. WATTS. I don't think there is any doubt that this is the case. But it is an overlapping thing. We have a very serious problem internally in the United States. We need a clearer understanding of what the telecommunications policy of our country ought to be, for example.

But in relating it to international relations, it seems to me that just over and above trading, where one might expect that there would be free trade, and considering trade as an aspect of the overall problem, a good look must be taken at the techniques that must be used by elements of industry and commerce in this country in trading with other countries that have planned economies, in particular.

It seems to me that this same problem is represented where most other countries have a nationalized or a single airline. We have a competitive system dealing with one that is not competitive. It must be that the problem is far more aggravated as we attempt to deal with economies that are planned, where the whole structure is that of dealing with a government agency and not with a business concern nor with a customer.

I know that the National Planning Association, for example, has been looking at the problems of dealing in the field of commerce with planned economies. It has been trying to develop some papers that would bring about a greater understanding of the problems at they exist today and try to develop some solutions to those problems.

One solution, I suppose, might be to establish some kind of nationalized corporation in the United States to deal with those entities. There would certainly be a great deal of reluctance in this country to move in that direction. By and large, I think it would be an unacceptable idea.

But this is a problem that needs to be looked at very carefully. Many of the issues that I raised in my testimony flow in and out of that kind of problem as we relate ourselves to others around the world.

I would like to add one other thought that has occurred to me as the testimony was given here this morning. This is, how could we, as a nation, in some way set examples and extend our own concepts of freedom—freedom of communications—into other countries, and perhaps the Third World countries in particular?

I would like to suggest that there is a model for this in the American Institute for Free Labor Development, which was established a number of years ago, through which the American trade union movement attempts to work with trade unionists who want to have free trade unions in other countries, even in countries that do not have freedom, such as, particularly, in Latin America. By at least showing them the way we do things, they will have an opportunity for another alternative to be looked at in terms of what they might like to see develop in their own country.

There are three other such labor institutes. One has been established to work in the Asian area, one in Africa, and the most recent one is designed to try to do something to help the people of Portugal and Spain, who are struggling now for freedom and democracy.

It would seem to me that some effort on our part literally to export concepts that we accept in our country might well add greatly to the solution of the problem, at least from our point of view.

Senator McGovern. Mr. Magee, did you have anything to add?

Mr. Magee. I would say, Senator, that whether we make an international communications policy a matter of high priority or not, it is going to become one. The question is whether we control the process and take leadership. Information is what we are really talking about, and it is an alternative to work, or energy. The more information there is, the less work it takes to accomplish a particular task.

The development of information technology, broadly, including communications technology, is expanding at such a rate that the impact on services, on international culture, education, health, and similar areas, is hard to imagine. It is hard to recall what the world was like 20 or 30 years ago, before we had computers. And, if we can project the next 20 or 30 years, at the present rate of technical development of information technology, including communications, the state of the art will be fantastic.

I think it is extremely important for us to have a coherent sense of our international position. However, it seems to me somewhat ironic that there appears to be much closer cooperation between elements of the Federal Government and business in fields such as military supplies than in the communications and information fields, where these elements seem to be so far apart.

Senator McGovern. I think that makes the point very well. We have had two or three conferences in recent years on an international basis. At the UNESCO Conference in Nairobi, there were discussions of these telecommunications questions and informational questions, as there were at the General Assembly in the U.N. There have been various other efforts on an international basis to arrive at some kind of guidelines. But I have the strong impression that there is no systematic effort of that kind going on within our own country to define what our national position ought to be.

I saw some statements the other day from the Defense Department warning that the Achilles heel in our overseas posture may very well

be in the transfer of strategic information, technological capabilities, and computer capabilities.

I am wondering if even questions like that do not have to be evaluated in terms of whether we are going to try to bring the same degree of monitoring and licensing to capabilities of that kind that we do to the nuclear materials that we share abroad.

SUGGESTION FOR CONGRESSIONAL INITIATIVES

In any event, if any of you has suggestions as to steps you think the Congress ought to be taking, that would be a matter of special concern to us. If there are proposals, either today or in the future, while this record is open, for useful initiatives for the Congress to be taking, we would be glad to have your suggestions.

[See Appendix.]

Mr. Gewirtz.

Mr. GEWIRTZ. I think one thing Congress could do is take a good, hard look at some of our basic concepts in the field of communications generally. I think we have been terribly profligate, and that we may have to reassess some of our ideas in line with the ideas of the rest of the world. It is a very useful and necessary thing to try to export our ideas on human rights. But it is a little more difficult to try to enforce our ideas in terms of some of the wastes of competition which we suffer. The other countries of the world have not had either the good fortune or misfortune to be able to be that profligate. I think energy, today, gives us some cause for understanding that we do not have as much of everything as we used to have. We have to husband and conserve our resources.

I think in your consideration, Senator, it would be a most useful exercise to at least consider that backdrop of conservation, not only in energy, but in terms of ideas and other things where we are getting beaten over the head because we kind of vitiate and dissipate our efforts rather than concentrate them.

Senator MCGOVERN. I watched the hour-long interview last night between Barbara Walters and Fidel Castro, in which he seemed to respond almost with surprise that anyone would suggest that there should be a free flow of informtaion into Cuba. He seemed surprised at the notion that somehow conflicting or dissenting views on the basic objectives of the Cuban Revolution should be allowed free circulation in Cuba. This seemed to be totally alien to his ideas, and he appeared surprised that anyone would suggest it was under active consideration.

But we have seen all kinds of indications that other countries are toying with the idea of controlling the information space over their borders. They may insist on the right of deciding what gets through the air waves, what comes in in the form of books, or in communications of any kind. It does seem to me that this is, in a sense, a form of international warfare, where we are going to have to insist on, what we are going to press for in international fora as the bottom line that we would be willing to settle for.

I am hopeful that these hearings can help serve to generate some thinking and some action in the Government on these matters.

Do any of you have any final points you would wish to make?

Mr. WATTS. Yes, Mr. Chairman. I would like to make one more comment.

INFORMATION FLOW RESTRICTIONS

The problem of restrictions or lack of restrictions on the flow of information in its many forms is literally at two levels. As you have suggested, one level is the idea that, if the information is contrary to the kind of information a government might want in its country, it should be restricted. The other area of restriction is trade.

I would suggest that even our good neighbor, Canada, has substantial restrictions on the free flow of information as a result of its attempt to protect its printing industry and radio and television industry. As an example, it is very difficult to take printed material into Canada. If I have been informed properly, in order for some of the better known television shows to be shown in Canada at all, they must be shown 1 week or 10 days before they are shown in the United States so that they will be stale when they come on an American station as contrasted to a Canadian station. Therefore people would have more of an incentive to tune in to the Canadian station rather than the American one.

The two levels that are involved here must be kept carefully in mind. One would fall clearly within the realm of human rights and the free flow of information, per se. The other one relates to trade.

Senator McGOVERN. Gentlemen, thank you very much. We do appreciate your appearance here today.

[Whereupon, at 11:47 a.m., the subcommittee adjourned, subject to the call of the Chair.]

APPENDIX

ARTHUR D. LITTLE, INC.,
CAMBRIDGE, MASS., *July 5, 1977.*

Hon. GEORGE MCGOVERN,
Chairman, Subcommittee on International Operations, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR SENATOR MCGOVERN: Thank you for the opportunity to follow up on my testimony by submitting recommendations both for further Congressional study and for legislative action on international information and communications issues.

As I indicated in response to your question during the June 10th hearings, the issue is not whether we make international communications policy a matter of high priority, but whether we control the process so we can live happily with the outcome.

In many ways, telecommunications progress and the Information Age it has spawned during the past quarter century is analogous to the invention of movable type. Like the printing press, it represents a quantum leap in human development. Like the printing press, telecommunications technology unlocks minds by making information readily and economically accessible. But, there are significant differences: Telecommunications bridges distance and it is instantaneous. Through telecommunications we can breach boundaries and enable millions of people throughout the world to focus simultaneously on a single idea. Telecommunications has given rise to a global economy and is essential to that economy's operations.

Because of this technology, it is impossible ever again to think about any economy on a purely national basis. Yet U.S. foreign aid programs and tax laws affecting American companies operating abroad have not yet taken into account the implications of this technology—and the information-based global economy—on our own long-term economic future.

The United States presently enjoys a tremendous comparative advantage in the now essential field of telecommunications. We lead the world in its technology, and in our ability to export that technology. However, as stated in my testimony at the subcommittee's hearing, there is nothing U.S. telecommunications manufacturers and consultants can make or offer which their foreign competitors cannot. And their European and Japanese competitors are supported by their governments with financial programs and tax structures that place American companies under severe competitive disadvantages. In my view, our nation's long-range foreign policy and economic well-being dictate that priority by given to developing a national program to maximize our technological advantage.

Several legislative actions seem to me essential for the near term:

(1) One is the exemption of company-provided allowances to meet extraordinary costs of living from the taxable income earned by American technologists and consultants working abroad. Since I have already detailed the reasons necessitating this action, I will not belabor them here. Suffice it to say, that it is almost impossible to estimate the millions of dollars of potential export lost to other countries every time an American expert abroad is replaced by another national because the cost of the American is artificially inflated. The impact on the United States' future balance of payments is immense.

(2) Another action is the restructuring of policy governing our foreign aid programs for greater flexibility, specifically in order to fund high-technology projects in developing nations which usually require special kinds of financial packages and long-term loans to make such purchases. As indicated in my testimony, this means nothing more than providing the U.S. telecommunications industry with the same kind of support given to European and Japanese manufacturers by their governments. We should do this because each initial sale of telecommunications equipment leads almost inevitably to substantial future sales

and virtually closes out the market to competitors from other nations. There is, in addition, wide-spread belief that telecommunications sales provide important opportunities to exert cultural influence and enhance national prestige.

(3) For the longer term, I believe it is essential for the legislative and the administrative arms of our government to know more about the uses of information as an economic and cultural development medium. As head of a consulting organization, I may appear self-serving in recommending studies. But I do not see a rational alternative. There are a great many opinions, informed and otherwise, but not enough objective knowledge about the role of high-technology telecommunications in the long-term development process. We need to know the cultural and social impacts, the effects on regional development, population and income distribution which cannot necessarily be measured in terms of GNP or income per capita. We need to know more about the possible impacts of telecommunications exports on the U.S. image in developing nations. My sense is that exporting this technology would provide an indirect channel for affecting the minds of other peoples; but solid data is needed to confirm this and to determine both the reasons for and the extent of the impact.

(4) We also need to know more about whether and how foreign aid investments in telecommunications technology may be used to help break the foreign aid "welfare" cycle. There will never be a telecommunications crisis in the sense there may be an energy crisis or a famine. Creating better communicaitons meets more subtle and fundamental needs. We should know more about how the tax dollars devoted to AID and other programs may be used to make certain less-developed nations more self-sustaining and capable of becoming active participants in the world economy.

The objective of these studies would be to develop data for cost-benefit analyses of investments in high technology for developing countries. Studies of this type would cut across the interests of a number of committees of both houses of Congress and of various administrative departments and agencies. However, it would seem appropriate for the Senate Foreign Relations Committee to take the lead in organizing a special study group and developing a plan for implementing its findings.

The United States has to come to grips with the fact that expertise and technology are major foreign trade assets. These assets can be exploited only if industry is giving the kinds of incentives that would make the export market as feasible and profitable as the domestic.

Thank you again for the opportunity to present my views.

Sincerely,

JOHN MAGEE.

END